DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

January 2, 1945.

The war news over the holiday continued satisfactory. At the same time there is some comment from Washington that our winter offensive may be delayed several months, and that we may have to reorganize and re-equip for a fresh start. Whether this is the correct picture cannot be definitely stated, but it is a fact that price inflation will become more and more of a potential post-war threat, and until the end of hostilities, shortages of various kinds will be intensified. The supply of money will probably increase, and, therefore, the hunger for merchandise will not be completely satisfied. Nobody can tell for sure what the behaviour of the public may be, but it seems very likely that a post-war scramble for goods will occur rather than the hoarding of money, and there are some signs of such a tendency already. So long as the both wars continue, we have to figure on annual expenditures of nearly $100 billion per year. Each additional year of war adds immensely to the inflationary potential. We find that the price index already for farm produce is 200% of the 1909-14 average. Prices received by farmers are now at the highest level since September 1920.

When our market opened this morning, prices were rather firm. The increased flour subsidy of about 4¢ per bu had been expected; in fact, in some quarters it was thought that the increase might be greater. From first reports, the milling business was not particularly active, but it is still early, and after the terms are fully understood, there may be larger orders, which, of course, would necessitate removal of hedges, probably mostly in the May future, and in our opinion this could, temporarily at least, widen the spread between May and July.

The CCC has announced more recent figures on the wheat loans. As of December 16th, they amounted to 165 million bu compared with 125 million bu last year and 371 million bu two years ago. In our opinion, it is doubtful whether the total on this crop will exceed 200 million bu; in fact, it looks now as though that goal may not be reached. Thus we see no reason to change earlier forecasts as to the amount of wheat which will finally be in private hands at the end of the crop-year. Excluding imports, and we purposely leave them out for the reason that probably all the wheat which comes into the country will finally go for feed, there was a total supply last July of 1,393 million bu. This was about 70 million bu less than for the 1943-44 season, but yet 386 million bu more than the ten-year average (1933-42). If one could believe that the disappearance, including exports would be as great as the previous season when a record amount was used: namely, 1,271 million bu, it would, indeed, be a very bullish situation. We rather feel that the comparison should be made with two years ago, when only 985 million bu was utilized, and if this forecast is borne out, we should have a reserve at the end of the season somewhat larger than the previous one. Disappearance for feed and other uses amounted to 519 million bu in 1943-44. This compared with 321 million bu in 1942-43 and 154 million bu for the ten-year average. It is not likely that the present season will be anywhere near normal, but yet the demand for wheat in connection with feeding has shown a good reduction thus far, owing to the fact that there are fewer animals, and, likewise, we had satisfactory crops of corn and oats.

All grains were very strong. The deferred futures of wheat gained more ground than May, and with the new Congress convening tomorrow, it brings up the question of whether the parity formula will be revised to meet Senator Thomas' objections to the present method of computation. There may not be a different base period, but it is possible that some increase will occur, particularly if labor costs are included in the calculations.

Thus far we find that wheat is hardly moving freer from the country, although it was just slightly easier to make purchases. The government is asking for offers on corn, and this may be the start of the program for stock-piling. It also had its effect on oats, which rallied sharply.

Rye also advanced. The crop and carryover at the beginning of the season was 57 million bu, and the disappearance last year, including imports, amounted to 55 million bu. Some believe this may be repeated, but the ten-year average of 41 million bu seems more likely. Thus, we doubt whether the adjustment will be as close as some visualize at this time.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Jan. 3, 1945.

With the new Congress convening, nobody can tell what further steps may be taken in support of agriculture. As one leading British authority points out, the United States farmers are rapidly becoming the most privileged in the world. In addition to soil conservation payments, acreage compensation for reduced sowings, there are loans at 90% of parity plus 15¢ a bu, also farm storage payments of 6¢ a bu and the liberty to sell grain in the open market prices when these bring a higher rate than the official guarantee. Now in addition to all these, the farmer is to have the benefit of crop insurance. When we look at the farm income during the past year, and figure that our legislators are fully aware of the present prosperous era, we wonder whether the arguments for higher parity will finally fall upon sympathetic ears. After all, this means more and more of a regimented economy, and even the farmers must be pursuaded by now that they have had to relinquish a part of their freedom in exchange for guaranteed loans and remunerative prices.

In the meantime, consumers, of course, have had to accept the view that the farmers were entitled to these high parity levels for their products. Thus, the cost of living has risen to a point where complaints have only been lessened due to the fact that large amounts of money are in circulation, and many of the other necessities of life are not now obtainable. In discussing these problems, Broomhall in one of his recent papers points out that while America is endeavoring by political and economic pressure to force an implementation upon other countries, we may find it easier to legislate for producers and consumers in our own country than for producers and consumers in other countries where there are very different ideas and very different economic and living standards. He says, for example, that it will not be so easy to convince the population of the United Kingdom and other importing nations that there is merit in parity prices or fixed remunerative prices, or that farmers producing a competitive article have a sanctioned right to receive such prices. He believes that most importers will have nothing to do with the dictatorship of the Wheat Agreement.

When our market opened this morning, prices were again relatively firm. It seems that there had been some flour business overnight; an eastern bakery chain had made purchases, and also, the Army had apparently taken care of some of its requirements with the result that hedges were removed, probably more of them being in the deferred months than in May. This strengthened July wheat considerably, and there was very little offset, since the movement from the country has not enlarged, and with more talk now of raising parity levels and possibly increasing next year's loan, there could be reluctance on part of producers to sell. Nevertheless, January 10th is the calendar period for selling, and it is not mere superstition that prices often decline at that time of year. Therefore, we feel that with the loan program working out more slowly than had been anticipated some caution must be exercised on these bulges. As of December 23rd, only 166 million bu wheat was impounded, and it now looks as though the total would not exceed 175 million bu, as there is only one more week of data missing, and farmers are no longer able to take advantage of the loans.

Primary receipts of wheat amounted to 1,079,000 bu compared with 574,000 bu last week, and 1,199,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 37,000 bu. The visible supply of wheat decreased over 4 million bu.

Trade in wheat was fairly active. Prices were higher, and as mentioned before, most of the buying came in the new-crop futures. At the last advances ranged from 1/2 ¢ to 1 1/2¢ per bu.

Corn and oats were rather moderate. It seems that we are on an import basis on oats from Canada, and a fair amount has been bought the past week to come all-rail to Duluth. There are also offerings for shipment to Buffalo for the opening of navigation. This tempered somewhat local sentiment, and oats ran contrary to the rest of the list.

Rye was little affected this time by reports that another liquor holiday in April might be granted for distillers. Late prices, however, were firm in sympathy with wheat, the deferred months gaining most ground.

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CHICAGO, 4 January 4, 1945.

The American public, having money at its disposal, seems to be on a buying spree, and whenever rumors arise of a shortage in one commodity or another, it appears that a run on that particular item sometimes becomes serious. Mr. Bowles, Administrator of OPA, has given the assurance that there is only one chance in a million that outstanding shoe ration coupons would be cancelled, and apparently this was in answer to the public's buying orgy which had recently set in. Likewise, when certain canned goods went back on the ration list, the fear arose that coffee might follow in the same category. The fact is that the coffee supply position has improved materially in the last two months. As of January 1st, there will be between three and four months' supply of coffee actually in the country, and in addition to this there are substantial quantities both afloat and awaiting shipment during the early months of this year. Thus we can see that many of the so-called shortages are psychological and not actual. It seems that even wheat is affected, despite the fact that we have raised the largest crop in the history of the country, and, moreover, our consumption will probably be greatly reduced from last year owing to the smaller feeding program. Price advances seem relatively unimportant to consumers. As we mentioned in a recent letter, farm products, based on an index of 1909-14, are now 200% of that average. Even though parities have not changed much in the past month or two, farm product prices as a whole are about 117% of parity, with practically all articles selling above that artificial mark, with the possible exception of commodities such as corn, wheat, cotton, hay, and peanuts. The latter are affected by ceilings and to some extent the supply situation. The major upturns are reported for fruits, truck crops, poultry, and eggs.

When our market opened, there was very little to guide it. The carryover feeling from yesterday was not quite as bullish as many believed that the recent sales by millers were not at very attractive prices, although there had been considerable business booked, including some Army flour purchases, both for the fighting forces and for civilian relief distribution abroad, and it remains to be seen now whether the urgent business has been satisfied for the time being.

There are at the present time large stock of wheat at Fort Willian and Port Arthur --nearly 35 million bu compared with 15 million a year ago. With navigation closed, there would be little chance for reducing these supplies until spring, unless a demand arose from the United States, and this does not seem probable since apparently we are cutting down on our imports for feed, and the chances are that our total takings during this crop-year will be smaller than those of the previous season. The Bureau of Agricultural Economics points out that some decline in demand following the end of the war in Europe is probable, but that the level will remain much above pre-war and that supplies of most farm products in 1945 should be readily absorbed by the market at prices which will average near current levels. Such statements will deter much short selling, but at the same time, with July wheat close to $1.60 a bu, which is probably as high or higher than next year's loan figure, there is little incentive for making purchases of the new crop futures unless one would distinctly believe that the parity formula were to be revised upwards. It is thought that the President in his address will demand sacrifices from all classes of people, including farmers, and thus there is no certainty that Senator Thomas' proposals will be followed.

Primary receipts were somewhat smaller, amounting to only 619,000 bu compared with 574,000 bu last week, and 1,257,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 150,000 bu.

Trade, for the first time in several sessions, was reactionary, at least at the start. After recent advances it is only natural that there should be some hesitancy, and we believe that the milling demand has also slowed up. Markets, however, are not weak, and at the last the decline amounted to only 1/8 to 1/2¢ per bu.

Bookings of corn were heavy again. It is the usual thing to expect good receipts during December and January, and while the visible supply increased yesterday, accumulations are not important. With the government probably determined to buy some corn on farms as a reserve against consumers' demand later on, it is not likely that much pressure will be exerted.

Even rye, which enjoys leadership from all sides, lagged to some extent, and trade, if anything, was a shade smaller than in recent days.

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CHICAGO, 4 January 5, 1945.

Judging from the recent discussions that corn purchases will be made in this country for Lend-Lease, a good part of which is destined for Britain, we take it that the shipping situation has eased to some extent, although it is still a question as to how much Britain and the other free nations will actually obtain from overseas. In the five-year period prior to the war, the United Kingdom imported 135 million bu corn and meal, but since the start of hostilities these amounts have tapered off each year, until 1943, when only about 2 1/2 million bu was brought in from the surplus countries. While we do not have the complete figures yet for 1944, it looks as though the total for that year would be even smaller. What has happened, of course, is that Britain, in trying to conserve ocean tonnage, has taken mostly concentrated foods in order to relieve the strain in other directions, so that munitions and other war necessities could be accommodated. If 30 to 35 million bu corn is sent to Britain during the present season, there could, of course, be a drain on terminal supplies, and possibly some of this buying is taking place at the present time, with the government having made purchases in Chicago and other markets during the last few sessions. Elevators apparently are ready sellers to the extent that the corn can be conditioned by driers and stored until such time as it is needed. Some of the corn, of course, that the government agencies are accumulating is not necessarily for Lend-Lease, but will be used at home as a reserve for domestic processors if a shortage should develop later on. Today's bookings from the country were again very heavy, and it does not appear as though there would be such a shortage even granting that receipts are generally heaviest at this time of year, having just raised a bumper crop. With fewer animals to feed, chances are that there will be enough for all purposes, although statements from Washington from time to time tend to discourage producers' selling, especially if they believe that the government is going to build up a tremendous stock-pile in the months ahead. The government itself admits that due to a more abundant corn supply, WFA has terminated WFO 96, which provided that operators of grain elevators in the five corn belt States would have to set aside 60% of the corn received by them. The reason given by WFA officials for this decision was that the necessity no longer existed for the government to continue assisting essential corn producers to obtain corn, but since they themselves now are building up a stock-pile, they must have changed their minds almost immediately.

When our market opened this morning, grain prices were reasonably firm. Some declines were registered in wheat, but there was fair support when July reached $1.58 per bu. There is no adverse crop news of any kind and most of the State reports are favorable. Winter wheat is dormant, but in Kansas grazing is excellent in most southern counties, as the result of the growth during favorable fall weather. The Nebraska report says that wheat and rye continue favorable, while Oklahoma moisture conditions are also generally satisfactory. Surface moisture in the latter State is reported as ranging from adequate in the wester area to excessive in eastern counties.

Primary receipts of wheat were 726,000 bu compared with 826,000 bu last week, and 1,279,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 399,000 bu.

Markets were rather quiet today. Wheat was slightly lower at times, but not sharply down for the reason that there is no pressure. The trade in general is making its calculations on about the same carryover next July as the previous one, but we understand that there may be a revision by the Department of Agriculture in its next estimate owing to the fact that smaller quantities are being used this year for alcohol and for feed. It might be nearly 100 million bu greater, which would naturally be an item.

Despite heavy bookings of corn, reported at 800,000 bu, the demand seems to keep up, and the yellow cereal was quite firm, even when wheat was lower.

Rye, likewise, had a good undertone, and considering the size of the crop, the holdings by relatively few people tend to keep this cereal on firm ground.

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CHICAGO, 4 January 8, 1945.

In some quarters, it was thought that the President's message to Congress on the state of the Nation, or the resume which was given over the radio Saturday night, would contain some information of market significance. However, the splendid message of the Chief Executive failed to divulge any clues as to possible market action. The budget message to be delivered tomorrow will be very carefully scanned. With the thought now accepted of a longer war than may have been indicated a few months back, very little can be expected at the moment of great reductions in budgetary needs or any intimation that tax relief may assume any major proportions for 1945. According to the banking figures released for the final week of 1944, the Nation's supply of cash, which includes money in circulation, plus demand, time, and government deposits, showed an increase of 21% during the last calendar year, and over a two-year period an increase approximating 47%. With no material change expected in the size of the federal deficit or in tax rates, it seems self-evident that a further expansion in the supply of cash will occur in order to take care of that portion of the deficit which must be financed by bank credit. With the supply of goods available for civilian uses becoming more curtailed, the increased supply of cash becomes more and more available for the purchase of goods, services, and investment purposes. On the other side of the picture, the longer the war continues, the more severe will be the period of reconversion, with its subsequent temporary drop in production, employment, etc.

According ty Sanford Evans, the Dominion Bureau has published figures showing the estimated carryover of wheat in the Argentine of approximately 151 million bu. However, in this estimate they have deducted an item of 31 million bu covering unshipped orders to Spain. This is a rather unusual procedure, as generally speaking, such items have been included in the carryover until such time as shipment actually goes forward. Adding the 31 million to the carryover would indicate total supplies available on January 1st from the Argentine of 347 million bu as compared with 458 million bu the previous year, and would bring their supplies more in line with recent years, and still above a normal amount. For the first twenty-six weeks of the present crop-year, or half the season, the United States has exported in wheat or flour 57,900,000 bu. However, as we have called attention several time in the past, this figure includes the amount which has gone to our armed forces in different parts of the world. For twenty-two weeks, or up to December 29th, Canadian exports of wheat totaled 109 million b u as compared with 120 million for the comparable period a year ago.

Primary receipts of wheat today totaled 1,001,000 bu; a week ago was a holiday, but they compare with 2,678,000 bu last year. When the visible supply was posted, wheat showed a decrease of 1,120,000 bu; the total supply now amounts to 127,797,000 bu, or 12,322,000 bu larger than a year ago. Chicago stocks of wheat decreased 120,000 bu, leaving a total of 4,340,000 bu, and 1,347,000 bu of bonded wheat.

Wheat showed very little independent action throughout the session, reacting when rye sold off, and recovering when advances took place in that cereal. There did not seem to be much evidence of flour business, and at the close wheat was 1/2 to 3/4¢ per bu higher.

Rye was subject to a fair amount of pressure during part of the session, but toward the last found good support. The trade was of a rather mixed character today. On Saturday, the open interest in May rye increased 1,360,000 bu; it does not seem probable that this represents any new speculative short, and it leads one to the conclusion that some hedges of cash rye must have found their way back into the market. Rye stock in Chicago declined 274,000 bu, and now total 8,646,000 bu; the rye visible showed a total decrease of 407,000 bu.

Oats displayed independent strength throughout most of the session, influenced partly by strength in Minneapolis, and partly through buying by a broker usually associated with industry.

Bookings of corn today totaled 116 cars. The sub-zero weather, combined with snow and ice, has made country deliveries of corn slow and difficult. From those who are well posted we learn there is still considerable quantity of high moisture corn which should be moved before the return of warm weather.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 9, 1945.

Although the war news is of a much more favorable character, there still is nothing as yet to indicate an early culmination of hostilities in Europe. However, those interested in agricultural problems are always casting about to try to analyze post-war conditions in Europe. From information which we can gather, taking the countries as a whole, with the exception of Russia where the scorched earth policy was employed, damage to the farms themselves has so far been rather insignificant. This is due to the fact that, exclusive of Russia, portions of Poland, Hungary, and Germany, agriculture is based mainly on individual family farms. There has been starvation in Athens and other Greek cities and in the Polish Ghettos, but up to date no general famine or epidemics have been reported throughout Europe. In a country such as Italy, the grinding process of battle has taken its toll of bridges, viaducts, tunnels, railroad, power plants, and irrigation dams, more than any actual destruction of farms. During the period of German occupation over the major portion of Europe, due to blockade conditions, agriculture was no doubt exploited to the fullest degree in order to produce necessary foods. Farmers will have to be in position to repair or construct new buildings, repair machinery, and buy fertilizer and seed, but there are millions of farm families longing to get back to their inherited peacetime land in order to place same into full production. The greatest loss has taken place in available livestock. Estimates seem to place the decline of cattle and sheep production at about 7% of prewar times, with the more drastic curtailment of pigs and poultry, running up to 30 or 40%.

Depression or prosperity in agriculture is caused chiefly by conditions prevailing in the market for agricultural products, and only an expanding economy throughout the world can offer a healthy environment for the reconstruction of agriculture. The decisions and policies made by the United States will have great bearing. High tariffs and excise taxes levied to protect the American market against Europe's industrial goods will stifle the development of European agriculture along the lines of sound international division of labor.

Looking at the over-all picture in the United States, and taking wheat as one of the fundamental products, it is not as discouraging as some believe. In studying the figures of our domestic wheat disappearance from 1911 through 1939, and taking averages of five-year periods, the disappearance has risen from 561 million bu to 684 million bu, or an average of 4 1/2 million bu increase per year. This is about in line with the increase in population, which approximates a million persons per year. During the past few years, we have raised exceptionally heavy crops, due partly to extremely favorable weather, and to a great extent through the incentive offered to farmers by increasingly high loan values. Figuring that in the post-war era wheat loans may be on a more reasonable basis, a proportionate increase in domestic disappearance would bring the production more in line with consumption in normal crop years. There would be a better balance between supply and demand, and the elimination of troublesome surpluses even though we do not share to the full extent in export business.

Primary receipts of wheat were 729,000 bu compared with 1,516,000 last week, and 1,755,000 a year ago. Kansas City and Minneapolis stocks so far this week show a total decrease of 172,000 bu.

There was very little grain news overnight; the extremely low temperatures did not reach the southwestern States, and more moderate weather is now predicted. While Minneapolis wheat was weak during the whole session, there was very little activity in our markets until toward the end when one of the locals who had made purchases earlier started to sell in all pits, and this touched off further liquidation. At the close May and July wheat were 1 3/8¢ per bu lower, while the more deferred futures lost 1 1/2¢ per bu.

Rye was subject to pressure throughout the morning, and at no time was there much evidence of support. Commission houses were pretty free sellers of corn. The War Food Administration announced it will offer to buy 50 million bu of corn from farmers at applicable ceiling prices for corn grading No. 3 or better, and at market prices for corn grading below; same is to be held in farm cribs and delivered to the WFA during the summer months. The purpose for such action, as explained by the agency, is to set up an emergency relief against future needs, and to ease the pressure on transportation and grain handling facilities.

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CHICAGO, 4 January 10, 1945.

Probably the most bullish factor surrounding the wheat market last season was the tremendous feeding which took place, and apparently about as much wheat was used for animals as for humans. However, the trend of increasing livestock numbers was reversed in 1944. The 1944 pig crops were considerably smaller than the record 1943 crops. It seems from information now at hand that the numbers of chickens sheep, and beef cattle on farms are smaller than a year earlier, although the number of dairy cows probably will be slightly larger. As a result, the requirements for feed during the 1944-45 feeding year will be less than either of the two previous years, and the total number of grain-consuming animal units may be 10 to 15% smaller now than in the feeding season a year earlier. Translated more specifically into terms of wheat, the government now reckons that our disappearance will be somewhat over one billion bu, and that the carryover next July will be 400 million bu, which is approximately 100 million bu more than the reserve stock which was brought into the present crop. Because of the bumper corn yield, and also the large sorghum crops, BAE expects that the quantity of wheat fed to livestock during the current year will be about 230 million bu compared with approximately 500 million bu last year. Likewise, there will be some saving in the amount of wheat consumed for beverage purposes and for commercial alcohol, and it is now thought likely that the distilling industry will consume only about 70 million bu. On the other hand, our exports may be somewhat greater. We have figured in our own calculations the total for the year would be about 100 million bu, and this figure is now confirmed by the government, provided shipping facilities are available. The average carryover reserve in ten years was 235 million bu. This, however, was during a very favorable period when crops were big. We are not taking into account those extreme years when we had the drought, nor are we figuring as far back as the beginning of the Farm Board era, when the average carryover amounted to only about 125 million bu. Therefore, by a very conservative comparison we find that next July we shall have a big quantity of wheat on hand, which, of course, is fortunate under war conditions, but with the probability that only 175 million bu was impounded on the present crop, it probably explains the reason for the narrowing of the spread between the old and new-crop positions.

May wheat has been losing some ground on both the July and September futures, despite the very fine crop prospects for 1945. About the only thing in our opinion which might reverse that trend would be a complete change in the loan program next summer. Some months ago Secretary Wickard leaned to the belief that in order to preserve our export markets, wheat and cotton should be permitted to sell at world's levels, with farmers receiving a direct payment for that portion of wheat consumed at home. There has been little discussion since this first suggestion was made, and the trade has taken the attitude that if the war lasts, probably little will be done to alter the present agricultural program. These arguments were strengthened by the WFA program of encouraging flour exports at differentials of about 34¢ per bu (based on wheat) for shipment via water from Atlantic or Gulf ports.

Primary receipts of wheat were very light, amounting to only 538,000 bu compared with 1,079,000 bu last week, and 1,374,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 276,000 bu.

Wheat was somewhat easier. This is the calendar period of the year when declines generally occur. Perhaps we shall have moderate recessions even now, particularly as the movement from the country is a little freer, and sometimes producers sell more eagerly on declines. We noted today that mills were hedging, although not on a heavy scale, and apparently this is against fresh purchases.

Other grains held relatively firm. Corn bookings from the country were light, with weather very likely a factor. Rye prices were influenced by some buying in this cereal against sales of wheat. On the whole volume of trade in all pits was somewhat disappointing.

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CHICAGO MERCANTILE EX.

January 11, 1945.

After the close of the market yesterday, bearish sentiment in wheat was tempered somewhat by reports that premiums in the Southwest had strengthened to some extent, and it seems that when futures weaken, there is very little recession in prices for actual wheat. In fact, the higher proteins are still firmly held at ceiling levels, and this is a different situation from anything that takes place normally to the extent that many processors who buy this good wheat are not inclined to hedge it at a discount. For that reason we find no real pressure from any source. There was also a government report on farm reserves, but this did not show any great variations, and in fact, the figures were more or less as had been anticipated. On October 1st, there was 532 million bu wheat on farms, and on January 1st it had shrunk to 392 million bu. Therefore, the reduction in farm stocks during the quarter was 140 million bu compared with 141 million bu a year ago; in other words, it was about a standoff. As a matter of fact, the next report which will be issued on January 25th, showing the amount of wheat in country mills and in small elevators, should be more illuminating, and we believe that the amount of grain in second hands will show up to be rather large, as was the case last year. Moreover, we are confirmed in this belief owing to the fact that the CCC is selling smaller quantities of feed wheat than last year, and the total from July through December, or for a period of six months, was 104.7 million bu compared with 212.4 million bu a year earlier. Thus the rate is only about half as great now as at that time. In other words, it looks very much as though a carryover of about 400 million bu would be on hand next July, but apparently one of the factors that must be dealt with is the income situation of many of our large farmers. Those who raised anywhere from 100 to 150,000 bu wheat find that they can sell only so much grain before they come to the very high tax brackets; consequently, the last 25 or 50,000 bu which they sell means that 65 to 75% of the profit goes in tax, and we should not be surprised if these producers, figuring on the possibility of smaller crops, were keeping their grain back for some future date. In any case, our market was rather firm, and there was apparently some milling business overnight, so that hedges were withdrawn.

In corn, firm prices were also recorded, although our analysis shows that the consumption during the last three months was only 1,289 million bu compared with 1,425 million bu last year. This shows the reduced feeding demand, but as an offset, the government is trying to buy 50 million bu corn from farmers, and although they have probably not been very successful in purchasing the number two or number three grades, it does remain as a threat, and with their bids not far from ceiling levels, it naturally tightens up the entire market, giving confidence to holders.

We find that in rye there was 6.4 million bu on farms June 1st. Last summer's crop produced 25.8 million bu, so that total supplies were 32.2 million bu without taking into account the visible supply and imports. The farm reserves of 12.2 million bu indicate a disappearance of 20 million bu for a six-month period, or a reduction of 13 1/2 million bu from a year ago. Undoubtedly, the feeding on farms is less, and this also confirms our view that we shall not have atotal consumption of 55 million bu as was the case last season. In other words, we expect a moderate carryover of 15 to 17 million bu before another crop is available.

Primary receipts are still small; they amount to 699,000 bu today compared with 519,000 bu last week, and 1,352,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 326,000 bu.

There was fair strength in all pits during the first hour of trading. The chances are that a fair amount of short covering also took place, but after this was accomplished markets eased off to some extent, and at the last wheat prices were 1/4 to 1¢ per bu lower.

The corn-hog ratio here at Chicago stands at 12.7, which is the same as last week, and compares with 11.5 a year ago. Corn bookings from the country were a little heavier, and this had some effect upon the market, although prices were reasonably firm.

On the upturn in rye, there seemed to be considerable profit-taking. This was too much for the market, and late recessions occurre

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 12, 1945.

The wheat statistics are about working out according to previous forecasts. Fortunately, there are no shortages in sight even though in wartime the domestic grindings will probably run somewhat higher than normal. It is figured that 535 million bu will be so utilized and possibly 80 million bu for seed, and thus there is a prospect for a carryover next July of 400 million bu on basis of total utilization of 1,030 million bu, figuring about 100 million bu for exports, if shipping space is available. This means that supplies in 1944-45, including the carryover and probable imports, may amount to 1,429 million bu, according to the last BAE estimate. This takes into account the indicated winter wheat production of 762 million bu, and a normal spring wheat crop, which, of course, will not be planted until next April. The government figures that if about average yields on the assumed spring wheat acreage are obtained, it is possible that we may have another billion-bushel total crop. Of course, it is very early to make these calculations, but should that happen, then our carryover the following year, in other words at the end of the 1945-46 season, would be increased by at least 100 million bu. There is a program to facilitate the exports of wheat and flour, andthis was announced November 11th by WFA. However, we are also bound by the wheat agreement not to ship more than about 75 million bu in any year, but, of course, the latter might be subject to changes if there would be crop failures in the Southern Hemisphere, or if European needs should become greater after the termination of the present conflict. In any case, we have now only to figure on the more certain data which is available.

The CCC loans at the end of December amounted to 170 1/2 millio bu. We understand that a fifteen-day extension was granted farmers, although this is not generally known. For example, the CCC office here in Chicago, had no knowledge of this fact, but assuming that another 5 million bu becomes frozen, the total for the year would be 175 million bu. It is reasonable to expect that redemptions could amount to 25 million bu, so that defaults may not exceed 150 million bu. On that basis, allowing for some government holdings, we should have nearly 200 million bu free wheat in the reserve next July, and if crop prospects are well maintained, we should not be surprised to see a little more bearish sentiment develop later on. Nobody is pressing the market very energetically at this time, for the reason that the primary movement remains light, offerings from the country are not particularly heavy, and the higher protein wheat is held at or fairly close to ceiling levels.

The flour demand remains slow, although a few large bakers are making occasional inquiry. Business on the whole has not expanded much since the January subsidies were announced, and aside from some government orders, the flour demand is rather sluggish. Production, however, is heavy, and this promises to continue for some time yet, so that whatever cash wheat is moving is apparently in good demand, and this tempers bearish enthusiasm. Also, the WFA plan to accumulat 50 million bu yellow corn from farmers to be held in farm cribs and delivered to WFA during the summer months is having a rather stimulating influence upon farmers' psychology. A down-payment equal to the government loan value will be made when farmers sign their contracts. Upon delivery of the corn, producers will be paid the applicable delivery price less the down-payment. The corn will be purchased in farm storage prior to March 15th in those areas where there is a surplus above local needs, and the corn is to be delivered on or before September 30th. Undoubtedly, this is exerting a holding tendency upon those who might otherwise sell on the market.

Light primary wheat receipts were recorded, only 638,000 bu compared with 726,000 bu last week, and 1,379,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 476,000 bu. When the visible is posted Monday it will compare with last year's decrease of 3,268,000 bu.

Trade in wheat was very quiet. Markets were mostly firm, and there was no particular feature. Rye after easing slightly recovered, but trade there was also more moderate. There was fair buying in oats on a report that cash oats at Minneapolis had reached ceiling levels. They reached the ceiling in Chicago also and not far from it elsewhere.

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CHICAGO, 4

January 15, 1945.

In another month we shall enter the period of crop scares, and in that respect it will differ from last year owing to the fact that the indicated winter wheat production at that time was for a crop of only 527 million bu, with little chance for deterioration. This compares with 762 million bu this year. Moreover, we had during the late winter and spring months of 1944 almost a perfect condition for the best development of the crop. This is obvious now as we look back to the production of 764 million bu, which was a near record. Since we are starting now on a very much higher plan, it is quite likely that there may be some reverses, but as the government points out, it would probably take a combination of unfavorable circumstances which would result in a winter wheat crop much smaller than is now indicated. Figuring on near average conditions, which is all that one can do at this season of the year, it appears very much as though we might have another billion-bushel yield next summer, taking into account also spring wheat production. There is another factor which must be considered: namely, imports. The Bureau of Agricultural Economics figures that during the current season about 35 million bu will be received from Canada, which when added to the amount probably carried over next July and the new crops, would give us a total supply of 1,429 million bu.

In rye, we can also draw some conclusions now since the disappearance will probably be on a smaller scale than last year. The usage for alcohol and spirits may be slightly larger, but the amount for feed will be reduced, while the amounts for human consumption will remain about unchanged at 11 million bu. Thus the government now comes to the same conclusion as was mentioned by us recently: namely, that the reserves next July may total from 15 to 17 million bu compared with 31 million in 1944. The next question relates to next year's possible crop, and here we find that while the acreage sown for all purposes is estimated at about 4 3/4 million acres, or about the same as a year ago, that the condition is far better, being reported at 88% of normal, which is 12 points higher than last year and 13% above the ten-year average. It is somewhat more difficult in rye than in other grains to anticipate too far ahead, for the reason that the seeded acreage includes that part which is intended for hay and pasture, also for soil improvement purposes, as well as for rye which is to be harvested for grain. Furthermore, there is always an allowance made for the spring seeding, and this may vary from year to year according to price and other conditions. The most important item, however, is that the standing acreage cannot be foretold at this time, and it is even more difficult for the reason that the acreage has shifted largely from the Northwest to other parts of the country. A few weeks ago there was considerable stress laid on the poor prospects for raising much rye in North Dakota, but we find that this State is slowly going into other cereals. For example, the ten-year average production was 8,302,000 bu while last year it was only 2 million. By comparison Oklahoma is almost as important now, and even Indiana raises half as much, so that one has to revise his views in considering the distribution of this grain.

In corn, the chief trouble is the problem of drying the grain. Extreme moisture is slowing operations sharply, and some large driers are turning out less than half their normal capacity. The actual demand for corn is excellent, and very likely larger sales could be accomplished if it were possible to get dry corn, Also, the shortage of empty cars is curtailing shipments both to and from terminal markets With the government also in the market it adds to the difficulty which processors are experiencing. Consequently, cash prices are pretty close to ceiling levels.

Primary receipts of wheat were a little larger; amounting to nearly one million bu. Little attention was paid to this factor. The visible supply when posted showed a reduction of 3,856,000 bu; the total in all positions is just short of 124 million bu, which is about 11 3/4 million bu larger than last year. Chicago wheat stocks decreased 329,000 bu, still leaving 5 million bu locally held. Chicago rye stocks decreased 177,000 bu.

With the wonderful war news from Europe, and the Russian troops apparently advancing on a wide front in the East, wheat and rye were quite weak, and the leading cereal at the last showed a decline of 1 1/4 to 1 1/2¢ per bu. The demand for rye was not particularly active and it seems that ordinary rypes are little wanted.

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CHICAGO, 4 January 16, 1945.

The European war news, which had been a factor in yesterday's market, was again carefully scanned this morning, with optimistic reports coming both from the Eastern and Western Fronts. The Soviets continued their surge toward Germany, and it is quite apparent now that their hesitancy for a long while was due to the fact that they had been preparing for this big push. The world will never forget that so far as Soviet Russia is concerned, 1944 was perhaps the most glorious single year in her history, at any rate since 1813. For the various food problems it makes a big difference whether the coming victories remain largely Russian, or whether territories are conquered by the other Allies. We say this for the reason that the Anglo-American conquests may be regarded in a different light from those of the Russians. For example, the Anglo-American position is such that the conquered countries regard us as "Santa Claus" and expect full freedom. On the other hand, countries that the Russians occupy have few false hopes, and the Soviets treat every occupied land which they take, as an asset with their troops living more or less on the supplies they take over. Furthermore, they are taking equipment, such as oil refineries fromRumania, under the pretext of reparation claims. We, on the other hand, are taking over liabilities which we have to supply.

When our market opened this morning, values were barely steady. There had been very little news overnight, although there are fresh figures given by the Commodity Credit Corporation as to the amount of wheat under loans. As of January 6th, just less than 175 million bu was impounded. There may be a slight lag due to technicalities, and possibly the final figure will be somewhat larger. However, there has also been 10 million bu wheat redeemed, so that the total amount now frozen is only 165 million bu, and thus we believe that our earlier forecast is conservative, having stated that probably not over 150 million bu wheat would be defaulted from the current crop. We also doubt with the sales which are being made by governmental agencies whether more than an additional 50 million bu will be under federal control. Consequently, nearly half the carryover next July is apt to be in free hands. This, in our opinion, makes it obvious that there can be no great scarcity, even though the country movement at the present time is small and farmers are not pressing their grain for sale. Nevertheless, the January 1st farm reserves show that there was still 392 1/2 million bu wheat stored on farms. This is the second largest since figures were compiled in 1927. Prior to that, the farm reserves were always computed as of March 1st. The ten-year average figure of reserves, as of January 1st, is 248 million bu; therefore, it is quite obvious that there is still plenty of wheat left in the country, although only 36% of the record 1944 production remaining back shows that a considerably larger percentage has already come forward than last year. Compared with average, however, it is not far distant, the ten-year figure being 32%.

The drought in Australia continues. Some soil drifting in the dry areas of New South Wales, Victoria, and South Australia is reported. Pasture lands have suffered, and livestock slaughterings have been heavy. The government will soon establish a system of controls over wheat supplies, since that country still feels an obligation to supply as much wheat and flour as possible to the United Nations, even though severely handicapped.

Primary wheat receipts were moderately small, at 702,000 bu compared with 729,000 bu last week, and 1,810,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 153,000 bu.

There was very little feature to the wheat market. There may have been some government flour business, and this took hedges out of the pit, mostly in May; but yet the old-crop future was relatively weaker than the others, and closed fractionally lower. There was a moderate amount of buying in the deferred months, and this was responsible for some narrowing of the spread.

There appeared to be some profit-taking in corn and in oats, but neither market yielded much ground. Rye was subjected to the whims of traders. There were rallies from time to time, but likewise some selling on the advance, so that the close did not show many changes from the previous session.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 17, 1945.

The most interesting treatise that has come to our attention thus far on post-war agricultural policies is a sixty-one page pamphlet, prepared by an Association of Land-Grant Colleges and Universities. The men who gave their time to these discussions at the various meetings represent some of the ablest minds dealing with agricultural problems. In their opinion,"High-level employment in non-agricultural industry means very much more to farmers than any 'farm-program' the government may attempt. Manipulations of agricultural production and prices are no substitute for good consumer markets." It is further stated, "One lesson of the 1930's is that artificially high prices for cotton in this country invite increased competition from other areas, and thus lead to a loss of foreign outlets for the American product...Wheat presents a picture similar in some respects to that of cotton. World wheat production was overexpanded before the war, and it is likely that overproduction again will become evident fairly early in the post-war period." Amongst other suggestions, they also make the following interesting comment: "Any time public funds are used to support prices, it should be made very clear to producers just what part of the price they receive is justified by market conditions, and what part represents governmental payments. This information, coupled with the knowledge that price supports are temporary, would serve as a warning against continuing production at unwarranted levels." They realize, of course, that whether the farmers received direct benefits or indirect, the substantial advantages would be almost equivalent, but because products will flow through trade channels freely at market prices, they find certain inherent dangers of building up unmanageable surpluses of commodities.

When our market opened this morning, it was naturally influenced by the very optimistic tenor of the war news. While the British and American advances were most encouraging, probably of even greater importance was the fall of Warsaw to the Russians, and a Berlin military spokesman was quoted as saying that the Soviets were at the eastern fringe of a town only fifteen miles from the German border. In spite of these reports, there appeared to be a little buying from time to time, particularly in rye, where apparently some traders believe that in the post-war period the demand for this article will increase. It is our own feeling that with the comparative cheapness of wheat in Canada and in Argentina, and also the cheaper rye offerings/from the Southern Hemisphere, this is a rather remote hope. There was very little feature to the wheat market, although apparently the flour business is still a hand-to-mouth affair, and if anything we detected some hedging by a Northwest source, so that we conclude with the slight easing in the car situation, offerings from the country may be a trifle better.

The government now figuring on a longer war has announced acreage goals for next year, with slight increases along the line. This had very little influence, as the amounts were not substantial. Nevertheless, food production is still an element being sacredly guarded, and despite labor shortages, it is imperative to set our "sights" at the highest possible limit, in order to take care of requirements, not only of the armed services, our own people, but also our Allies.

Primary receipts of wheat today were the smallest in months, only 484,000 bu compared with 588,000 bu last week, and 1,430,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 313,000 bu.

Not much attention was paid to statistics. Toward the last markets became quite weak on reports that the Russian forces had advanced 63 miles on a 25-mile front. This was announced by Marshal Stalin in a second order of the day, and showed his great optimism. The victory has decisively smashed the German front in Poland, and the liberation of Warsaw increases to 16 the number of European capitals freed fromAxis domination by the Allied forces. Under these conditions almost anything could happen, and might come fast. Consequently we do not advocate playing the constructive side of the market, even admitting that many artificial factors may at times cushion declines. At the last wheat prices were 1 to 1 1/4¢ per bu lower. There was some selling in all pits, nothing of a big nature, but yet it is obvious that the war news will continue/to be the dominant factor for the time being at least.

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CHICAGO, 4 January 18, 1945.

Practically all the Allied Nations, as far as we know, have placed certain wartime price controls either on agricultural or non-agricultural products, and to this end thought must be given to how quickly the world may be ready to enter the transition period without serious repercussions. Naturally it would be ill-advised to act in haste, so that the various problems would be aggravated, at least to the extent of interfering with the establishment of a high level of industrial activity and employment. As far as we can tell, the CCC stands ready and willing to make purchases of wheat in certain markets at support prices not far from where loans were obtainable prior to December 31st. However, this cannot go on indefinitely except to the detriment of the consumer, and judging by our wartime experience, it is still debatable whether similar methods are to be carried on during peacetime. We note, for example, that the British government has recently propounded a scheme of government bulk buying of cocoa in West Africa without even consulting some of the most important trading organizations which have helped to increase cocoa exports from the Gold Coast and Nigeria from an average annual figure of 44 tons in the 1890's to 332,000 tons in the 1930's. It is on basis of figures such as these that we take pride in the accomplishments of the individual trading enterprise, which is the foundation of our modern economic system. As Broomhall recently pointed out, in the past the huge volume of commodity transactions was accomplished through the risks and responsibilities that were carried by individual traders, and when disputes arose, if any, they were in the main settled by arbitration generally within the trade without recourse to the ordinary law courts. Under this merchant regime, supplies were plentiful and economic to the consumer, so that production increased to the benefit of the producer.

When our market opened this morning, prices were barely steady. The carryover feeling from yesterday was moderately bearish, and it was intimated from the Northwest that if cars could be obtained, the movement of various grains would be considerably heavier. There had also been rather general moisture over the Southwest, which is always beneficial for winter wheat coming at this time of year. The question of manpower everywhere must be carefully considered; otherwise, planning operations are futile. We note in the last weekly report published by the Nebraska Department of Agriculture, most farms are large enough now to require two men: one who devoted the major part of his time to producing and harvesting crops, and the other to raising and finishing livestock. On an average, one task took as much time as the other. Production of meats has already dropped considerably. Some reports indicate that further reductions may become necessary. This being the case, farmers will seed down more of their land and farm as much as they possibly can, but it will be at the expense of limiting livestock production because of necessity. Even last autumn before the manpower shortage became so acute, milking of cows was reduced, and even at a later period, with favorable weather, corn-husking was far behind schedule. Hog numbers in Nebraska are down more than one-third and are far below normal, considering the large corn supply. Poultry production is down 20%, while lamb feeding is reduced about as much. Cattle feeding is about normal again, but far below the numbers that could be fed because of the large amounts of corn, hay, and forage that are available. In other words, most of the larger farm units cannot maintain their livestock unless they could definitely depend on getting help which would remain on hand until all operations are finished. This leads us to the belief that in the final analysis feeding supplies will be much more plentiful than a year ago.

Primary receipts of wheat were still quite moderate, only 684,000 bu compared with 699,000 bu last week, and 1,361,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 508,000 bu. Bookings of corn were somewhat smaller than yesterday. There is little change in the corn-hog ratio in Chicago; it is now computed at 12.8 versus 12.7 last week, and 11.4 a year ago.

While general milling business was rather dull, there were some hedges removed today, presumably against government business. However, we are told that no pronounced or general pick-up is in sight for regular lines of trade. The war news continues good, but Prime Minister Churchill's talk intimating that the end of the war might not be too close at hand had a little steadying influence, and May wheat gained fractionally. Corn and oats were weaker.

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CHICAGO, 4 January 19, 1945.

In an address to the Annual Convention of the Canadian Federations of Agriculture, Mr. Gardiner, Minister of Agriculture, said that Canada now has too much wheat for her own good. He urged a reduction of 2 to 3 million acres in 1945, with larger plantings to other grains. As we analyze their situation, they started last August with a crop and carryover of 808 million bu. Assuming the reduction in feeding, which has been suggested, requirements will amount to 73 million bu, and allowing 30 million bu for seed, 50 million bu for home consumption, and 7 million bu for alcohol, the net supplies amounted to 648 million bu. Since the beginning of their crop-year estimated exports were 114 million bu, or about 20 million less than last year. This seems to be due largely to the smaller takings from the United States, and we note that stocks at Fort William and Port Arthur presently amount to 43 1/2 million bu compared with less than 19 million bu a year ago. It is true that fairly large amounts of wheat have been shipped to the United States, although by no means will the bulk of this grain remain here, as it is figured that our net imports from that country will probably not exceed 35 million bu for the entire season. To-date, we have received about 74 million bu from Canada, which figure is included in their exports, but a good part of this wheat must still be in the United States and may be re-exported when navigation opens. Thus, Mr. Gardiner is quite correct that in looking ahead to the period of peace, their supplies are probably too large. Yet it is the main source from which Europe can draw in the post-war era. The Argentine crop has been cut owing to the drought; to even a greater extent, the Australian crop has been damaged, and with the high level of prices prevailing in the United States, our wheat would only move into exporting channels through a subsidy or via Lend-Lease.

There appears to be hope by certain interests that the rye in this country may finally go for export, and, of course, this is a possibility, but a rather remote one. Most of the surplus rye is located in Chicago. At the present time it could only be shipped to the seaboard by rail, which is an expensive process and also a difficult one because of the shortage of cars. There is about 1 1/2 million bu Canadian rye at Ft. William and Port Arthur more easily accessible, and even with the advances in Canadian prices, when we consider the 10% discount of Canadian funds, their rye is more attractive, not to speak of the Argentine rye, which is selling at ridiculously low figures. We believe that rye in this country is high even compared with Canadian wheat. Taking the price of No. 3 Northern at Ft.William, which is $1.39 Canadian funds, or, roughly, $1.25 in U. S. currency, it certainly appears that with quality and test-weight considered, this is more attractive than ordinary rye, which has been in store here for some time.

Our own position with respect to wheat shipments has been a fairly satisfactory one, although it should be borne in mind that a good deal of wheat and flour which is leaving the country is to take care of the armed forces. In twenty-eight weeks, we have cleared about 62 million bu, and thus for the entire season, the shipments might be somewhat over the 100 million-bu mark.

Large numbers of cattle and lambs continue to utilize wheat pastures in central and western Kansas. During the past week, with warm and sunshiny days, the plant greened-up; in Oklahoma fall-sown grains showed some improvement due to more favorable temperatures during the week. Condition is generally fair to good. There, too, wheat, barley, and rye are providing fair grazing in some localities.

Primary receipts of wheat were small, amounting to only 554,000 bu compared with 638,000 bu last week, and 1,641,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 635,000 bu. When the visible supply is posted Monday it will compare with last year's decrease of 2 3/4 million bu.

At times there was great weakness in all pits. Russian gains were further extended, and it was claimed that a new offensive had been opened. This led to some liquidation and stop-loss selling, but late in the session markets firmed when reports from Paris told of a German thrust across the Rhine River above Strassbourg. This permitted them to join other forces in northeast Alsace, forming a solid front against our 7th Army. This turn of events was quite unexpected. May wheat showed the best recuperative power, and May rye also recovered substantially. However, net losses for the day in most cereals were recorded, especially with respect to the distant futures.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 22, 1945.

Normally Southern Hemisphere developments at this time of the year would have quite a bearing upon our markets for the reason that wheat shipments from Argentina and Australia would be getting into full swing, probably to reach their peak sometime in March. As it is, shipping facilities have handicapped to a great extent tonnage from those countries, but in addition to that there has been a virtual crop failure in Australia, and now we have news that due to a prolonged drought in Argentina, the wheat crop there has also been cut, but probably what is more serious is the weather which is affecting corn. Farmers in some northern districts are turning cattle into the field, and in the southern areas rains are urgently needed. There is one source of satisfaction: namely, that the production last year was 353 million bu compared with a failure crop of 76 million bu a year earlier when drought conditions also prevailed. As it is, the carryover of old-crop corn is estimated at about 180 million bu. Extensive damage to this year's crop is reported from all parts of the corn zone, except from a relatively small district in the province of Cordoba. The trouble has been insufficient rain in November, December, amd the first half of January, and since planting takes place mostly in October and November, it is necessary to have early moisture. Harvesting in that country will start next March, and continue to May, so there is still some chance for recovery, but not too much. We shall have the first official estimate of this season's acreage at the end of January, but that of production will not be issued until early in April. When these figures are given, they must be compared with the average five-year period of 306 million bu.

When our market opened this morning the carryover feeling was still quite bearish. War news continued good over the weekend, with the Russian gains extensive on a wide front. The German loss of Silesia is almost as important as though they had lost the Saar, and Berlin is fully cognizant of this situation. Another factor influencing our market was the fine moisture in parts of Illinois, also snows in the Southwest. Coming at this time, it is very beneficial for wheat. Shortage of empty cars is curtailing shipments of corn and wheat to terminal markets, and as a result the primary movement remains very small, and pressure consequently light. The main trouble seems to be in the East due to heavy snows, but we believe when there is some correction empties will be sent back into the grain belt, so that the shipping problem may be eased.

Primary receipts of wheat today were a little large, amounting to 1,090,000 bu compared with 924,000 bu last week, and 2,568,000 bu last year. Were it not for the car shortage we feel quite certain that the relationship would be better. When the visible supply of wheat was posted it showed a decrease of 3,838,000 bu, with a total in all positions 120 million bu, or about 10 1/2 million bu more than was on hand a year ago. There was a slight shrinkage in Chicago, and wheat stocks are down to 4,856,000 bu. The visible supply of rye decreased but moderately, only 229,000 bu, and of the 11 million bu in various markets there is 8,343,000 bu rye here in Chicago, so it is quite apparent that the Chicago demand is the thing towatch in this grain.

After early weakness markets recovered to some extent. The war news continued highly satisfactory. The Red Armies were reported in full control on the East Front, with the second largest city in East Prussia captured, and the lightning speed gave Berlin reason for worry, with 200,000 German troops in East Prussia facing a threat of being trapped by the Baltic drive. In any case, our markets which had been quite weak for the past five or six sessions were entitled to some recovery, and with no pressure from short selling or from the country, with the exception of wheat, moderate reactions set in. It was also reported from the Northwest that the demand for oats was slow, and they were quoting this grain 1¢ lower again, which means that values have receded from ceiling levels.

Trade in corn was not particularly active. There was an increase in the visible supply for the week of about 1 1/2 million bu. This was less than last year, but again the car shortage was undoubtedly the reason. The total visible supply in all positions is 15 1/2 million bu, and it seems not too easy to accumulate supplies at terminal markets under present conditions, particularly with the fairly active demand from the East.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 23, 1945

A few days ago, when the Canadian Minister of Agriculture at Ottawa stated that there was too much wheat in Canada for the good of the country, we gave some detailed statistical data on their production, carryover, etc., and since that time the wheat crop has been reduced about 18 million bu, with a fresh estimate just issued by the Dominion government. In analyzing this change, we do not find that it is very important, nor will it materially influence the chances for exporting grain when the peace comes.

In the meantime, we have devoted some attention to the Argentine situation, mainly for the reason that a definite cut is indicated in their yield due to the drought and the last official figure is for a crop of 167 million bu. It is noted, however, that most trade estimates are higher than the official forecast, but in any case, accepting it at its face value and adding to it the largest carryover that Argentina has had in many, many years,-a figure of 230 million bu,- it is obvious that they will start with total supplies of 397 million bu, which is high. In giving this carryover figure, which we obtained from the U. S. Department of Agriculture, Foreign Crops and Markets, they make a notation that there is included some grain which had been earmarked for fuel but was estimated to be unused at the end of the crop-year. There is also some damaged grain considered unfit for food, although our own impression is that the latter is not a very large factor. In making comparisons with the ten-year average period, 1932-41, inclusive, we find that the carryover reserve in the Argentine each year was very small-- only 48 million bu, and apparently their merchandising policy was such that they always "cleared the deck" before another crop was harvested. Thus they ran into a minimum of trouble because, on the whole, the yields in that country were reasonably large,- on an average 241 million bu, and the normal usage was only 100 million bu. Therefore, more had to be exported than was domestically consumed, and if artificial practices had been adopted that curtailed the outward movement of grain, they naturally would have encountered trouble. In any case, the total crop and carryover for a representative period amounted to 289 million bu, so that with 397 million bu on hand at the present time, the effects of a short crop have been overcome and the Argentine will be able to make up some of the deficiency brought about by the very poor yields in Australia.

With respect to the rye crop in the Argentine, the last official forecast is for a crop just short of 17 million bu. This is a reduction from what had been anticipated earlier, but yet compares with crops of 8 to 10 million bu in the ten-year period from 1933 to 1942. Thus with their prices competitively way below ours, we still feel that export possibilities from the United States are not very good.

Primary receipts were again light due largely to the car shortage and amounted to only 607,000 bu compared with 702,000 bu last week and 1,884,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 159,000 bu.

Whenever futures decline, the cash markets report a higher basis on premiums, but this in our opinion is due solely to the fact that so many of the higher protein grades are clinging to ceiling levels. For example, at Kansas City, 12% or better wheat is commanding ceiling prices, and even this might be due partially to artificial circumstances, as in some cases buyers are simply taking wheat in order to obtain cars. We understand in the Northwest that a similar situation exists, and buyers are more or less openly admitting that they are buying the box cars and not the wheat.

Toward mid-session, when shorts had covered, and a technical rally had run its course, there was some profit-taking. There was only fair support, and as a result the close showed losses ranging from 1 1/4 to 2 1/2¢ per bu.

The war news was still one of the dominant factors. Berlin reported that Hitler was rushing Himmler and leading commanders to the Eastern front with complete power to direct the Reich defense. It seems that desperate action is now admitted in order to meet the peril which exists. In any case the Soviet Armies continue to advance toward Berlin.

Other grains were influenced by lower wheat prices. Rye yielded ground after an early advance, and nobody can be sure now when the European peace may come. One thing is certain, the German people are truely fearful now, never having had any preparation for the offensive on part of the Russians, who have gained tremendous advantages during the past week.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 24, 1945.

A few days ago the Commodity Credit Corporation announced that 178 million bu wheat had been placed under loan from the 1944 crop. In analyzing this report by States, we find that North Dakota leads the list with 31 1/4 million bu wheat frozen; Kansas is second with 28 million bu; Texas third with 25 1/2 million bu, all of which would be expected on basis of crops that were raised last summer. But the surprise comes that the State of Washington should be in fourth place, with 21 3/4 million bu tied up, and this is quite a bit larger than Oklahoma, coming in fifth place with 16 3/4 million bu impounded. To date, there has been about 10 1/2 million bu wheat redeemed, but if cash wheat remains relatively strong, we should not be surprised to see this latter figure increase, and thus the defaults may not be in excess of 150 million bu, which would be less than half the estimated carryover of 400 million bu for next July.

When our market opened this morning, there was very little news, and not much to guide it. The carryover feeling from yesterday was somewhat bearish owing to the fact that grains had declined sharply on rather small selling orders and have consequently gone into new low ground for the present move. Our own thought is that as July and September wheat approach the $1.50 level, traders must be somewhat cautious on the short side. On the assumption that the war is still on next summer, at least in the Pacific, it is somewhat doubtful whether there will be any drastic change in the loan program, although some of the cotton people are inclined to think that there is a slight possibility of trying to return values to a world basis and then compensating farmers through direct payments. Naturally if such a system should be adopted, the new crop futures would sell much more in line with competitive levels.

We note that No. 3 Northern wheat at Ft. William is now selling at $1.38 per bu Canadian funds, which, incidentally, is the lowest price in months. Translating it into American currency, it is about $1.24 at the lakehead, and certainly more attractive for export than our wheat. Furthermore, Canada is selling wheat, termed mutual aid wheat, to Britain at $1.20 per bu for No. 3 Northern, Canadian currency, or actually $1.08 per bu U. S. funds, which is still cheaper. The latter is quite important for the reason that in ordinary times, Britain takes about half the wheat which Europe imports, and thus it can be seen that even if the present system were continued, it would entail a very large subsidy to get our grain into foreign channels. As for the Canadian oat situation, their equalization fee has not worked to the best possible advantage in our opinion. Possibly they were not so much interested in making shipments to this country, but we note that while our market declined nearly 5¢ per bu, they adjusted their fee only to the extent of about 3¢ per bu, and thus lost the advantage of about 2¢ in doing business. This may be made up at some later period, but with the large crop in that country and about 4 million bu now stored at Ft.William, an increase of 351,000 bu for the week, we do feel that they need a better outlet than exists right now.

The weekly weather report from Washington was satisfzctory--slight damage from heaving due to alternate thaws and freezing in some sections, but, generally speaking, the snow-covering was adequate to afford protection as far South as Kansas, and almost to the Ohio Valley. Under these circumstances, with most portions of the country having received sufficient moisture to insure favorable spring growth, the future looks bright.

Primary receipts of wheat were very small, amounting to only 580,000 bu compared with 484,000 bu last week, and 1,251,000 bu last year. In many sections of the country the car situation is critical, and possibly even worse than during the last World War. The embargo on shipments to the East is intended to relieve this in order to bring some empty cars back into the grain belt. Kansas City and Minneapolis stocks so far this week show a total decrease of 342,000 bu.

Trade was rather moderate, and while markets firmed at times bulges did not hold. The war news was again favorable. May rye was firm but the domestic demand is quiet, although occasionally distillers are purchasing small quantities for yeasting.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 25, 1945.

The wheat outlook does not change much from day to day. There had been some light moisture reported over southwestern sections of the country, but even before this we find that the general precipitation had been very satisfactory. For the past week, for instance, practically every reporting station in Kansas had had either rain or snow, and considering that there are about eighty-six stations covering every part of the State, this is quite a record. In the middle division, it ran as high as 1.19 and in the western as high as 1 1/2 inches, but tapered down to smaller amounts for the East. The average even in the latter appears to be about .40, which is also not bad in view of the fact that normal precipitation for the whole month is only .69 inch. This is for the entire State. The fortunate part has been that the snowfall of the week totaled from 2 to 4 inches over the eastern two-thirds of the State except the southeast and/south central counties, where it was extremely light. At the close of the week, the ground was well covered, with snow over the western half and extreme northern counties of the eastern half, and is thus prepared for any cold spell which might occur.

Our statistical news does not vary a great deal. Exports average about 2 1/4 million bu each week, which includes wheat and flour and a large part is apparently destined for the armed forces; some also goes for Lend-Lease, and the balance probably represents flour which is being sold under the subsidy. Generally speaking, the best flour business is at the beginning of the month, and after that it lags. Consequently, there are very few hedges being taken out of the market right now, but on the other hand, there is not much pressure, although today for the first time, we were told that the country movement in the Northwest was considerably heavier, and the chances are if cars become available, there will be a better movement to terminal markets. On basis of the revised wheat estimate, we started with a total supply last July of 1,393 million bu. The prospective utilization for domestic purposes has been reduced to 880 million bu. Therefore, the amount available for export and carryover should be 513 million bu, of which about 65 million bu has already been shipped from our shores. The latter is not official but represents a figure probably not far distant from reality, and is the best that can be obtained under censorship.

We have not included estimated imports of 35 million bu for the reason that such grain which comes in from Canada will probably be fed to animals, and while it may offset the CCC selling program of domesti wheat, it should in no way affect wheat which goes into other commercial channels. Since last August, Canada has sent more than 74 million bu wheat to the United States, but apparently over half this quantity will finally be re-exported unless there should be some change in the attitude of government officials with respect to the quantities that are to remain here. In addition there has been 38 1/4 million bu oats shipped from Canada to this country, although in the past week, there was only about 300,000 bu sent here, possibly this small amount arising from the unfavorable equalization fee. The barley shipments have amounted to 22 million bu, and the total amount of rye only about 2 1/2 million bu, the latter being affected by high prices in Canada and the government directive that rye which comes to Chicago must be sold within a thirty-day period.

Primary receipts of wheat were again light, only 531,000 bu compared with 684,000 bu last week, and 1,396,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 573,000 bu.

Trade in the various pits was not heavy, but yet early flucutations swayed back and forth within a rather narrow range. Later in the day, rye became very strong and this firmed other grains. We believe the rye purchases may be attributed to the advices given out by one commission house, which apparently is bullish on the market, although we do not know just what the inducements are, except that the statistical position has improved to some extent owing to last year's smaller crop. May wheat was relatively weak, and lost ground on other months. However, there was no spreading of consequence, and it seems that the difference between May and July is still somewhat debatable with opinions vacillating since nobody knows yet what next year's farm program holds forth.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 26, 1945.

The main news affecting our market was the statement contained in a letter sent out by the National Grain Trade Council. They say: "Chairman Thomas, of the Senate Committee on Agriculture and Forestry, has issued a statement requesting reinstatement by WFA of the requirement that alcohol distillers use at least 10 percent rye in their grain bill. Thomas claims that Chicago elevators are jammed with some 9 1/2 million bu of rye, that the normal supply there is only 2 million bu, and that this overload of rye is seriously hampering the movement of other grains, particularly corn." We do not know who gave Senator Thomas this information, but we wish to state in the premise that it does not appear to us to be correct. First of all, the elevators are taking all the corn that they can physically dry in their houses, and we do not see in what way the stock of rye here is interfering with this business. We were told by two elevator companies that they had considerable empty space here, and no doubt there is other room in Chicago, although we do not know the position of the largest warehouse. The truth of the matter is the shortage of boxcars is undoubtedly hampering the movement of corn to Chicago, and is, therefore, an important factor rather than any crying need for elevator space in this market. We again want to call attention to the fact that we have no personal interest in rye whatsoever. We consider from what the distillers have told us that in the manufacture of alcohol, the admixture of rye causes certain disruptions, is uneconomic, and that the chemists, when told the last time that a government order had been issed, threw up their hands in horror, because they believed that in carrying out the war effort, they were being hampered in their operations. We, therefore, believe that the WFA should look into the matter from every angle before taking steps. We think it would be unwise to again place restrictions upon the distillers, who seem quite content in using other grains which are more plentiful.

Other news is not causing too much interest at the present time. Fall-sown grains have made very little growth thus far due to cold, wet weather, but in most sections of the country the condition is generally about normal or better for this period, and the adequate moisture which has occurred is now available to carry the grain crops through the winter with few exceptions. In Oklahoma, for instance, we are told that roads are impassible, and there has really never been a period this winter when there has been a lack of moisture. From Southern Hemisphere we are told that the preliminary estimate of the Argentine wheat crop of 166 million bu is too low by about 20 million bu, according to private observers. In Australia the yields will be poor, but conditions are favorable for threshing of cereals, yet production is not expected to be much over the recent forecast of 50 million bu. Broomhall, in has last Trade News Bulletin to reach this country, figured that there is little chance of Australia supplying her quota of wheat for European relief in 1945, and said that a simila view was held by many authorities in Australia. He added that while the shortage was largely due to the drought, there is also a disposition to criticize the government for curtailing acreage too drastically during wartime. He figures that if she is to retain her place among the larger wheat exporting countries, the whole plan on acreage limitation must be revised. In the United Kingdom, so much of last summer's harvest was damaged by sprouting that a number of special directions have been issued by the Minister for its disposal. This may mean somewhat larger imports of good wheat in order to take care of milling requirements.

Primary receipts of wheat were slightly larger, amounting to 606,000 bu vs. 554,000 last week, and 1,387,000 bu last year. Kansas City and Minneapolis stocks so far this week have decreased 685,000 bu. When the visible supply is posted Monday it will compare with last year's decrease of 1,418,000 bu.

At the start markets were indifferent, but Senator Thomas' recommendation was responsible for boosting rye prices. This in turn influenced wheat; in fact, all grains were affected. The close was sharply higher. Gains for the leading cereal amounted to 1 1/4 to 1 3/4¢ per bu. Corn lagged at times, and bookings from the country were somewhat less than 200,000 bu. Final prices rallied sharply.

Favorable war news was ignored.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 29, 1945.

The Commodity Credit Corporation announces for the week ending January 20th that 2,354,158 bu wheat was placed under the loan, bringing the total for the season to 181,017,114 bu. While there is always a lag in making up the final figures, we do not look for any major increase from the above. It is further announced that 2 1/2 million bu was liquidated during the week, making total redemptions approximately 13,200,000 bu. It seems fair to assume that the amount impounded from this season's loans on July 1st, the beginning of the new crop-year, will not be much in excess of 150 million bu. With the crop and carryover of 1,393 million bu as compared to 1,463 million on July 1, 1944, we entered the present season with 70 million bu less wheat than the previous year. According to figures released, the January 1st stocks of wheat on farms, interior mill and elevators, and commercial visible total 705 million bu, as compared with 664 million on January 1, 1944. In order to have the complete picture, we will have to wait for the amount of merchant mill stocks, as well as the CCC wheat in transit and in steel and wooden bins. Three months prior merchant mill stocks were 4 million bu larger than last year, but the CCC had 32 million less. Our surmise is that wheat in all positions, as of Jan. 1st will be larger than a year ago, when it stood at 813 million bu, and that the deficit as compared to a year ago of 70 million bu crop and carryover will have been made up. During the first six months our exports exceeded those of a year ago, and will undoubtedly continue to do so, while imports for the twelve-month period will run considerably under the 133 million bu last season, but all figures point to an increased carryover on July 1st.

According to present reports, milder temperatures have led to a breaking-up of the freight car congestion in the Buffalo railroad yards, as well as other eastern points, and unless further bad weather is encountered, it looks as though in a very few days, there will be relief from the extreme shortage of box cars which has existed. This shortage has been felt in almost all sections of the grain belts. Our Northwest reports that country wheat purchases still remain heavy, but lack of empties is preventing a free movement.

Some additional beneficial snows occurred over the weekend in the Southwest, and general conditions remain very favorable. The War Food Administration in their weekly release of January 26th comments that winter grains continue in good to very good condition, with only some local reports of slight damage due to thawing and freezing in some sections of extreme eastern Kansas to the Ohio Valley.

We are indebted to Sanford Evans for some rather interesting information regarding the dietary changes which have taken place in the civilian consumption of the U.K. under the War effort. Using the period of 1934-38 as a pre-war average, the consumption per person per week had undergone the following changes through 1943; flour increase from 3.75 pounds to 4.43; potatoes 3.40 lbs to 5.25; bacon and ham decreased from 8.40 oz. to 5.78 oz; fresh meat 30.40 oz to 22.18; butter decreased from 7.63 oz to 2.34; but on the other hand margarine increased from 2.76 oz to 5.26. There had also been an increase in the consumption of cheese, but a decrease in the consumption of shell eggs.

Reports from Argentina indicate that there had been some very beneficial rains throughout all sections of the grain belt, which has been very badly needed, and should be helpful to at least corn.

Primary receipts of wheat were 1,134,000 bu compared with 1,090,000 a week ago and 2,423,000 bu a year ago. When the visible was posted wheat showed a decrease of 3,082,000 bu, leaving a total of 117,021,000 bu, or 8,859,000 bu larger than in 1944. Chicago stocks decreased 175,000 bu, and now stand at 4,681,000 bu.

Outside of war developments there was very little in the weekend news to affect grain markets. Ceilings were placed upon cattle by the OPA, and in some quarters it was believed that this will lead to further curtailment of feeding operations. Flour business is quiet. The trade is awaiting the new flour subsidy rates which are expected after the turn of the month, and should the subsidy be increased, many in the trade believe a fair amount of flour business may develop. All pits were rather featureless, with rather small transactions easily turning the market.

The rye visible showed a very nominal decrease --68,000 bu, which was rather disappointing to those who had figured on a larger consumption of this cereal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 30, 1945.

It is reported from Washington that Marvin Jones, War Food Administrator, had agreed to an $845 million ceiling on food subsidy expenditures by the Commodity Credit Corporation in the next fiscal year, and approved a proposed amendment by Senator Taftlimiting the subsidies on crop programs to $225 million for the year beginning July 1st. The balance could be available for dairy and non-crop subsidies. In summing up the net results, the Senator stated that the effect would be to freeze the CCC subsidies at present levels. The session was before the Senate Banking Committee hearing, and while the final decision of the Congress cannot be predicted, subsidies are the real issue inthe Congressional considerations of the pending bill concerning the CCC.

Little attention has been paid to Bill S-384, introduced into the upper chamber by Senator Bankhead, and we quote in part a section of the Bill: "To provide for the disposal of surplus agricultural commodities. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that on and after the date following the passage of this Act any duty levied, collected, and paid under the Tariff Act of 1930 upon any article imported into the United States or any of its possessions as provided in such Act shall be refunded if an amount equal to the sum of the value plus import duties is used by the importer or assignee to purchase and export surplus agricultural commodities produced in the United States." As we interpret the meaning of the Bill, it would permit an exporter to sell abroad agricultural surpluses at a price under the domestic market equivalent to the amount of import duty collected, and would be in practice more or less another version of an export debenture plan.

With the rapid strides which have taken place recently in the European war situation, the planning of post-war agricultural policies of this country comes more and more to the foreground. In connection with same, we again wish to quote quite liberally from the Report of the Committee on Post-war Agricultural Policy of the Association of Land-Grant Colleges and Universities. This is an organization in which every Committee Member was selected to serve agricultural as a whole, and the welfare of the entire public, and not as an advocate of his region or his branch of agriculture. Speaking of a two-price system in which agricultural products would be offered abroad at lower prices than those prevailing in the domestic market, the report states: "This proposal has decided limitations. For one thing, it assumes the existence of an active world market ready to absorb any and all products which may be exported. It assumes further that other nations will not oppose a practice of dumping by the United States. This is unrealistic because most nations, including our own, have restrictions against dumping. Moreover, it is questionable public policy to supply consumers in other lands with products at lower prices than those charged our own people (except as this may be a part of a program of foreign relief). Were such a program to be employed, it would tend to restrict rather than expand foreign trade opportunities because it would lead to demands for additional import barriers to keep the products sold in this manner from returning to our own markets. This program clearly offers little by way of insuring large exports."

Primary wheat receipts totaled 737,000 bu compared with 807,000 bu last week, and 1,885,000 last year. So far this week stocks at Kansas City and Minneapolis show a decrease of 252,000 bu.

There was very little overnight news except the continual Red advances on the Eastern front. It was reported that the Commodity Credit Corporation had lowered its support price for wheat in the Pacific Northwest from $1.55 to $1.53. We understand that cash wheat, contrary to the situation in other markets, was selling at about support prices in the Pacific Northwest. There was no evidence of any large flour business being booked, but believe there is some milling business taking place every day, possibly for the Armed Forces. Markets were very local in character; while they found some support in the early part of the session, it was lacking in the final hour.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 31, 1945

Generally speaking the Southern Hemisphere this year has been adversely affected in many sections through drought. In Australia, the wheat production was greatly reduced, South Africa has suffered losses, and in Argentina while most of the small grains came through without serious reduction, the corn crop has a rather hazardous outlook. Over the last weekend Broomhall and other sources have reported good general rains in Argentina, which have somewhat brightened prospects. During the past several years exports of corn from that country have been seriously hampered by lack of transportation, with the consequence that very small overseas shipments took place; two years ago Argentina suffered a crop failure, and combined with an increased home usage of grain for fuel they had a carryover last March 31st of only 5 million bu. This year's crop of 344 million bu gave them total supplies of approximately 349 million bu, with a disappearance for seed, feed, and fuel estimated at 143 million bu. On the other hand, their exports to January 18th are only 21 million bu. With the possibility of further exports of 8 to 9 million bu, the estimate is for a carryover on March 31, 1945, of 175 million bu. Prior to the recent rainfall private sources predicted a crop around 100 million bu, but with improvement in prospects, all indications seem to point to ample supplies to meet their required demands for the coming crop year.

The quarterly report of wheat in all positions, as given out by our government as of January 1st, is 835 million bu, showing an increase of 17 million bu from the comparable day of 1944. This just about gibes with the figures we have been anticipating. As pointed out in our recent letters, despite larger exports and smaller imports, the January 1st figures show that we have about made up the shortage of 70 million bu in crop and carryover which existed last July 1st, as compared with the year previous. No doubt imports will continue on a reduced basis, and larger exports will take place for the balance of the season. However, putting all the figures together it is reasonable to forecast a carryover next July 1st of around 400 million bu. The same government report appears to confirm smaller feeding, with a stock of 2,021 million bu of corn, or 9% more than a year ago; 753 million bu oats, about 6% larger, but barley at 218 million bu shows a decrease of approximately 2%.

The government weekly weather and crop report just issued claims that in general the situation for winter wheat at present is probably more uniformly favorable than for some time, with the norther section of the grain belt well protected during much of the severe weather, and soil conditions in the southern sections showing no serious deficiency at any time. With the lifting of the rail embargo, a pick-up in country shipments is expected, but weather has again turned cold, with some snows, which might further hamper the freight movement.

Primary receipts today were 525,000 bu compared with 580,000 bu last week, and 1,502,000 bu last year. Undoubtedly the smaller primar receipts were due mainly to the temporary boxcar shortage. So far this week Kansas City and Minneapolis stocks show a decrease of 415,000 bu.

The Senate Banking Committee unanimously approved the bill extending the life of the Commodity Credit Corporation to June 30th, 1947, and increased its borrowing power from $3 billion to $4 1/2 billion. The Bill also included yesterday's amendment of Senator Taft to put a ceiling of $845 million on food subsidy expenditures by the CCC.

Markets had a firm undertone during the major part of the sessio lead by strength in Minneapolis wheat. Undoubtedly there has been som flour business in anticipation of the new subsidy, and we further believe that before long the UNRRA may be in the market for substantial amounts of flour for relief purposes. At the close wheat was 1 1/2 to 1 3/4¢ per bu higher.

There was no particular news regarding rye, but that cereal was helped by the strength in wheat in addition to purchases on part of locals.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 1, 1945.

According to the Bureau of Agricultural Economics of the U. S. Department of Agriculture, prices received by farmers in mid-January averaged more than twice the level of the period from 1909-14. This is the first time that such prices have been obtained since August of 1920. On the other hand, the parity index, that is, the price paid by farmers for commodities, interest, and taxes, stood at 172. As of January 15th, actual farm product prices were 117% of parity. In view of the healthy condition of the farmers and the fact that bills are being considered in Congress by both the Senate Banking Committee and the House Agricultural Committee for the extension of the Commodity Credit Corporation, its borrowing power and the amounts to be designated for subsidies, it might be an opportune time to dwell upon post-war conditions. Under existing legislation, the 90% loan values are to be continued for a two-year period after the end of both the European and Japanese wars. As pointed out several times in the past, we feel that an extension of such a program would lead to almost insurmountable agricultural problems. Of course, it must be clear to all those well-versed in agricultural matters that it would be impractical to remove all wartime price controls and regulations immediately following peace. This would only lead to an aggravation of the problems during the transition period. However, it must be quite evident that the high loan values and support prices cannot be continued without great restrictions on acreages, etc. Huge expenditures of public funds would be necessary to carry out the present provisions, and it would tend to prevent rather than assist the necessary adjustments in crop acreages and livestock population; too high a level for farm products would interfere with the total consumption. We also seriously doubt the wisdom of a two-price system, in which through direct subsidies or other means farm products would be offered at a lower price for export than demanded of our domestic consumers. In our opinion, the most adequate solution would be found in permitting free and open markets, with a reasonably lower loan value and a temporary supplemental income allowed farmers for that part of their production which is used for domestic consumption.

The Santa Fe is out with a rather glowing report of the condition in Kansas, Oklahoma, Texas, and other portions of the winter wheat belt. They comment that the new crop got off to a flying start, backed by favorable moisture conditions. Recent snows have added to the already favorable situation in Kansas, and in their opinion, wheat in Oklahoma has enough moisture to carry it through the winter. in northwest Texas, they report that generally winter wheat is in better than normal condition and the outlook excellent.

Primary receipts of wheat totaled 623,000 bu compared with 531,000 bu last week, and 1,403,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 615,000 bu.

Overnight the new flour subsidy for February was raised 2 1/2¢ a bu. There was some milling business in evidence, but apparently no large amounts. New storms are sweeping up New York State, and other eastern sections, which may necessitate the imposition of further railroad embargoes, possibly of even more drastic nature than the one of the past week. In the meantime, the car shortage remains rather acute. It is very difficult to get empties in the country, and for that reason practically all wheat, including 12% protein and higher, is selling at ceiling prices.

Our market ruled firm throughout most of the session, but toward the end liquidation again took place, with a continuation of extremely favorable war news. Shortly before the close it was thought there might be some important broadcast, which brought liquidation in all pits. However, this news failed to materialize.

There seemed to be rather consistent selling of oats, which held that market down even when other grains were strong.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 2, 1945.

The most encouraging news continues to be received from both the Eastern and WesternFronts in Europe, and while the great optimism of last December does not seem to exist today, one cannot help feeling that this is the eleventh-hour for Germany. The exact minute or second cannot be predicted. With the Russian advances on the Eastern Front, that part of Germany's industry which was not subject to severe allied bombing is now in jeopardy, and the Reich will further be greatly handicapped with her food supplies from the new crop. While no information has been given out as to the location of the "Big Three Conference," from reports emanating from Cairo, sessions have started. No official information has been given out as to the agenda of the meeting, although undoubtedly military questions will receive priority over political ones. Discussions are probably taking place regarding the strategy for the final defeat of Germany, plans for joint military occupation, and the possibility of the Soviet participation in the war against Japan.

Last season, for the first time in history, the usage of wheat for feed exceeded the amount used for human consumption. All previous indications for this season have pointed to a reduction in the animal population and a consequent reduction in feed usage. The reduction in livestock has been substantiated by the disappearance of feed grains in the final quarter of 1944. As compared with last year, the amount of oats and corn consumed was 9% less, according to the official figures of the Department of Agriculture. Barley consumption is considerably under that of 1943, and the feed wheat and rye disappearance showed totals of approximately 40% less. On the supply side of the picture, the combined stocks of corn and oats in all positons except interior mills and elevators was 8% larger than on January 1, 1944, and the largest on record. The Department is forecasting the possibility of a corn carryover about double that of last October 1st.

Due to adverse weather conditions, the Office of Defense Transportation has again directed the railroadsto place a civilian freight embargo in eight States and the District of Columbia, starting at midnight tonight and continuing to midnight on Tuesday. The States affected include portions of Ohio; Pennsylvania, New York, New Jersey, Maryland, Delaware, Virginia, and West Virginia.

Primary receipts of wheat were 611,000 bu compared with 606,000 bu last week, and 1,800,000 bu same period a year ago. The smaller primary receipts are still reflecting the difficulties of securing transportation facilities. So far this week stocks at Kansas City and Minneapolis show a total decrease of 724,000 bu. When the visible supply figures are posted on Monday, they will compare with a decrease last year of 1,524,000 bu.

There was a decided feeling before the opening that markets would recover from the declines which took place during the latter part of the session yesterday. The strength was more pronounced in Minneapolis, and particularly so in Kansas City, rather than in Chicago. With the great problem of obtaining boxcars strength is being reflected in cash premiums; ordinary #1 hard sold today at Kansas City at a very substantial premium over the May. It is rather self-evident that before May rolls around the premiums for cash wheat will either have to decline, or the futures price advance. The movement of wheat from the country will naturally be a determining factor. Should shipments become more plentiful with more clement weather, and present good crop prospects be maintained, a decline in premiums might be in order, but under present conditions with the strength in the cash wheat no radical decline in the futures price seems to be in order. July wheat was in good demand during part of the session, but there was no particular changes in the spreading differences. At the close wheat was 1/4to 1/2¢ per bu higher.

Trade in rye seemed to be of a purely local character, and no particular significance.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 5, 1945.

Secretary Wickard, appearing before the House Committee on Banking and Currency, stated recently that in his opinion the purpose of the CCC was to stabilize supplies and prices of agricultural commodities. In this connection, it seemed desirable to him to modify the subsidy restrictions in order to permit farm prices to be maintained at such levels as are necessary to get production without forcing an increase in the price of food at retail. We have not yet read this annual report, but heard parts of it on the radio yesterday, wherein it was stated that acreage restrictions should not be continued in the post-war period, but rather he believed that maintenance of industrial activity at a high point would enable farm products to be consumed in greater quantity than during the depression period when the AAA activities first started.

There was other legislative news this morning. Apparently Senator Thomas is considering introducing a bill into the Congress to change the parity method of computing prices for cotton and for wheat. His goal as stated was $1.83 for wheat and 30¢ for cotton, and apparently his base period is to encompass the most prosperous era in our history rather than the years from 1914-19, which presently are being used. We doubt very much whether the administration would be in favor of this because of the inflationary aspects. However, our markets did pay some attention to this news, and first prices held rather firm. We also understand that while it had been claimed last week that Chairman Thomas of the Senate Committee on Agriculture and Forestry had asked that a 10% rye admixture be mandatory in the preparation of alcohol, no official request had ever been placed before the War Food Administration. We have it on good authority from the latter agency that the stocks of rye in Chicago are not interferring with the handling of other grains in this market, and that unless some change occurs in the situation, which cannot be foreseen at this time, there appears to be no necessity of reinstating the requirement that distillers should use not less than 10% rye in their grain mixture This takes into account the fact that supplies of both corn and grain sorghums are relatively more abundant than supplies of rye, and our informant goes so far as to tell us that even the stocks of rye here in Chicago have declined 4 to 5 million bu from the peak holdings of about a year ago, which probably is one of the reasons that no change is being considered at this time.

The domestic disappearance of corn and oats during the October-December quarter was 9% smaller than the previous year, reflecting the reduced number of livestock in this country. At the same time our disappearance of these grains is larger than average, and it is still difficult to accumulate reserves at terminal markets, particularly at Chicago; and the chances are that if the freight situation improves shortly, the demand from the East will increase.

Primary receipts of wheat were a little better, and amounted to 1,129,000 bu; this compared with 1,134,000 bu last week, and 2,065,000 bu last year. When the visible supply was posted it showed a decrease of 3,789,000 bu. This, however, was not surprising in view of the light primary movement. Chicago stocks decreased 280,000 bu, leaving less than 4 1/2 million bu here. The rye visible decreased 58,000 bu, showing the slow demand. There must have been one or two small increases for the reason that Chicago alone decreased 68,000 bu, and with the bulk of the stocks held here, our market is about the only place which can furnish much rye.

The war news was more or less ignored; continued gains in Europe had been reported over the weekend, while on the Pacific we had won a great objective in taking Manila. The trade, however, looked more upon artificial factors, and many are impressed with the potential demand which may exist in the post-war era for food supplies of various description. It has been our own belief that while many commodities may move into foreign channels through lend-lease that the rest of the world also will be very anxious to recapture the markets which during the war were lost to them. Final wheat prices showed advances of 1/8 to 1/2¢ per bu, the May delivery gaining some ground on the deferred months.

Other grains were up in sympathy, influenced also by Senator Thomas' proposal for higher parity computation.

All cash wheat at Kansas City, including the ordinary types, sold at ceiling levels.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 6, 1945.

At this time a year ago, there was a fairly bullish feeling in all grains. At that time we were not having the victories and successes in Europe with which we are blest today. Furthermore, we were digging into our substantial stockpiles, and the disappearance both in this country and in Canada was tremendous, as all grains were going into feeding channels at unprecedented levels. In addition to this, crop prospects were none too bright, and we were still referring to the December crop report, which made the condition extremely low, so that nobody could possibly figure on a billion-bushel crop, which was later a reality. Soil moisture reserves in the Prairie Provinces were exceptionally low, and fall precipitation generally was far under normal. Even with this situation, the Canadian agricultural program had made a recommendation to farmers in that country to hold their wheat acreage down to 17.5 million acres. This is all history, but looking at the facts we find that Canadian farmers actually planted more than 23 million acres to wheat, and by virtue of heavy rainfall in the late spring and summer, they harvested a crop of 436 million bu, which likewise was beyond all expectations. As the situation now stands, the carryover for the North American Continent, taking Canada and the United States but leaving out Mexico, should give us a reserve close to 700 million bu next summer, as compared with 670 million bu the year earlier. We still have the hazards of crop scares ahead of us, but the indicated winter wheat crop, based upon conditions prevailing up to December 1st, is 762 million bu, which, of course, may be affected in either direction by weather conditions during the spring and winter months. Up to the present time conditions have remained favorable, and, therefore, the Bureau of Agricultural Economics foresees a possible billion-bushel wheat crop to be harvested in 1945. They go even further, and say with the nominal exports which are taking place and an easier feeding situation, they now figure that at the end of June 1946, under this setup, a minimum carryover of 500 million bu may be on hand. The average during the ten-year period, 1932-41, was 235 million bu. Consequently, even with the greater needs from European countries in the post-war era, no shortage is likely.

In this discussion we have not taken into account Southern Hemisphere, but in passing might add that even though Australia has harvested a failure crop of about 50 million bu, the stocks from previous years, amounting to about 99 million bu, puts them in position for at least some shipments, although the feeding of wheat in that country still remains important. The Argentine method of computing reserve stocks is so erroneous that it requires a very special study to see the balance sheet in its true form. For example, the department handling statistics excludes such grain on hand which has been set aside for various purposes, such as fuel, feeding, etc., but which has not actually been used; also, if there have been some quantities sold to importers but not actually shipped, this deduction is made, although obviously the wheat is still available. To show how this has worked in practice, the latest estimate of old wheat carried over on December 1, 1944, was only 61 million bu, but on November 15th, the Minister of Agriculture placed the unreserved and unsold wheat supplies at 156 million bu. There was an addition of about 30 million bu which had been sold to Spain but not shipped, plus an unknown quantity for fuel reserve, which was never used. As near as we can judge the total stocks of old wheat amount to at least 180 million bu, which will be in addition to the new crop officially estimated at 166 million bu, but which trade estimates regard as too low.

Primary receipts of wheat amounted to 743,000 bu compared with 737,000 bu last week, and 2,388,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 179,000 bu.

Markets hesitated for a while, but the great strength at Minneapolis and at Kansas City finally gave us a closing rally, with last prices showing gains of 1/4 to 5/8¢ per bu. Rye weakened at times, and apparently there was a quick break at Winnipeg, where at one time prices had declined as much as 3¢ per bu on comparatively light orders to liquidate. We are told that trade up there is quite moderate, and in the same way they finally rallied. This in turn influenced our market, which recovered and closed higher.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

February 7, 1945.

With the European war news continuing to come so favorably, and with the Russian Armies within 30 miles of Berlin, one naturally has to think in terms of final capitulation. We are asked almost daily what the end of the war will mean to wheat prices and to cereals in general, and, of course, it is not easy to say, for the reason that our prices are being supported by federal agencies, and the chances are that with some Lend-Lease business for export already, and with some amounts of wheat needed for feed, the CCC would continue to step into the various markets taking wheat. Thus, any sharp breaks are not likely unless there should be a change of attitude. We have heard all kinds of figures as to the post-war demand, but we must bear in mind that outside of those cereals which are given away or may be sold under a subsidy arrangement, the bulk of the demand will come from the countries which offer their supplies competitively the cheapest. The fact of the matter is that European production of wheat has not fallen down as was the case during World War 1, when France was invaded and her fields were devastated.

According to figures available, the world production of wheat during 1944 amounted to 3,848 million bu compared with 3,749 million in 1943, and 4,032 million bu in 1939. This represents approximately 97% of the total world production, exclusive of Russia and China. The production in thirty European countries has held up remarkably well in the light of war conditions. For example, in 1939, it was placed at 1,695 million bu, and in 1944 at 1,460 million bu. All we can say at the present time is that a good snow coverage is reported over the Continent, and this is naturally protecting wheat from the extremely cold weather which has prevailed. Conditions in the important areas of Rumania and Hungary are reported favorable, although the acreage is said to be below official expectations. In our letter yesterday we called attention to the fact that the North American carryover would probably amount to 700 million bu next summer. This took into account Canadian exports of 344 million bu. The latter figure may finally prove too high for the reason that the United State will undoubtedly take smaller quantities than they did a year ago due to the lessened demand for feeding purposes. In other words, the overseas clearances would have to exceed those of last year but an amount equal to the decrease in imports into the United States. Thus, there is considerable latitude for heavier shipments abroad without affecting the domestic situation.

In the meantime, our production goals for feed grains in 1945 keep good pace as compared with the five-year period before the war. We tabulate below the acreages in prospect for next summer with the 1935-39 comparison:

	GOAL 1945 (Acres)	AVERAGE 1935-39
Corn	99,098,000	97,055,000
Oats	44,259,000	40,586,000
Barley	13,911,000	13,364,000
All sorghums	17,155,000	15,029,000
All tame hay	62,862,000	55,770,000
Wheat.	67,731,000	73,235,000

Primary receipts of wheat were light, amounting to 508,000 bu; this compared with 525,000 last week, and 1,738,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 286,000 bu.

The car shortage everywhere is very acute, and in our phone calls this is about the only thing we hear from every section of the country. Under these conditions, cash grains are bringing high prices, and in many territories ceiling levels are obtained. This might ordinarily induce farmers to sell, but we believe even if there should be relief from the car shortage that corn would probably move first, owing to the fact that producers are not too well satisfied with the keeping qualities of this grain. We thought yesterday that there might be some chance of improving the boxcar situation in the East, but the weather suggests that further snows around the Buffalo area are again in sight, and from that point of view it is rather discouraging. There was some indifference early, but late in the session traders again took to the long side of the market, and prices firmed readily.

In corn, bookings were rather small, but sales from Chicago quite large, and this influenced bullish operations. In rye, the strength at Winnipeg was a factor, and when their market advanced it caused sympathetic buying here.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 8, 1945.

The grain markets are affected by so many outside influences that one cannot come to the same decisions as in normal times. It is not simply a question of war or peace, but also the many artificial aspects, as well as the inflationary possibilities, and we note that even in other fields the uncertainties are about equally great. A short time ago, the Federal Reserve Board made this observation: "Wartime developments have introduced a monetary element, the behavior of which is even less foreseeable than usual, so that the post-war economy possesses potentialities both of great inflation and at the same time of considerable contraction." We find that a good many people are fully conscious of the large money supply on hand. It has increased much more rapidly during the present war, having risen 123% from 1939 to 1944, according to the National Industrial Conference, while in World War 1, or from 1914 to 1919, the money supply rose but 78%. It is perfectly obvious that during the past three wartime years, the holdings of cash and government securities by business and individuals have shown an expansion never before approached in this country. It is estimated that the increase to January 1945 will be about $107 billion, making total liquid assets of nearly $190 billions. This is generally conceded to be a cushion against any severe declines. Furthermore, if the commercial banks continue to be the principal buyers of government securities, there is always a potential danger of even further inflation.

With this background, one can understand the advances which have taken place in securities, and to a marked degree we already have had our share of inflation in grains. When we think, for instance, that wheat was selling at 77¢ when the war started in 1939, and compare it with present levels, we are not fooling ourselves as to the extent of the advance, particularly when we compare our prices with those in the Argentine. Even there support levels have been helpful in bringing some relief to producers, and yet they have not been able to keep up with the Canadian price level, although, of course, the inability to ship on a big scale has been an important handicap. Even Canadian prices are extremely high due to the two-price system which prevails in that country, and while we are frequently reminded of the export price which prevails, which is about $1.45 per bu for No. 3 Northern, Canadian funds, at Ft. William, (except for mutual aid wheat) the processors in that country get their supplies about 45¢ per bu cheaper.

In thirty-one weeks, the United States has shipped nearly 70 million bu wheat and flour from this country. The chances are that total clearances for the year will be somewhat over 100 million bu. On the other hand, we shall probably import about 35 million bu wheat from Canada, mostly for feed, and, furthermore, our domestic consumption will probably be reduced to 880 million bu compared with 1,088 million bu last year, and 677 million bu normal. This is a reflecttion of the smaller quantities being utilized owing to the smaller number of animals to feed and also a reduction in the amounts required for alcohol.

Primary receipts were still small, and for wheat amounted to only 505,000 bu, compared with 623,000 bu last week, and 1,659,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 431,000 bu.

Markets were never very strong. The fact that one conservative radio commentator forecast that Berlin would fall within a week brought to mind that we might be in the final stages of the European conflict. Apparently our market was devoid of shorts, and those who had bought either for inflation reasons, or because of the car shortage, or because cash grain premiums were high found the market rather poorly supported when they tried to liquidate.

The map suggests higher temperatures and thawing by the end of the week; this may ease the car situation in New York and the New England States, although basically the trouble is that more cars are wearing out than are presently being built. Otherwise, there was little news, except the somewhat bearish statistics which have been with us for some time. Final wheat prices showed declines of 2 1/8 to 2 5/8¢ per bu. There was mill buying on the decline.

Other grains sold down in sympathy with the leading cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 9, 1945.

Prices received by farmers in January averaged more than twice their pre-World-War I level for the first time since August 1920; in other words, using the same period from August 1909 to July 1914 as an average, prices were 201% of the base period. Most major farm crops were up during the month, raising the index four points, with the most pronounced increases in truck crops, which now stand at 262, while food grains rose two points to 169. On top of all this, we now have a bill introduced by Senator Thomas designed to raise parity levels through a different method of computation. The Senator wants to include hired labor, plus a consideration for the actual work performed by the farmer himself and by members of his household. If this formula were adopted, the new cotton parity would be 29.63¢ a a pound on the farm compared with the December 15th parity of 21.20¢, while wheat would be raised from $1.51 a bu to $1.83 a bu. We believe that there is very little chance for such legislation to go through. First of all, it is not to become effective until ninety days after both wars have ended, and in the event that hostilities with Japan should extend for a period after the European peace, one might well contend that agriculture in Europe would have recouped to some extent, and thus our competition for an export outlet would become greater. Furthermore the best minds which have analyzed the cotton situation are convinced that lower prices and not higher ones are needed in the post-war era. We have already suffered domestically from the competition of rayon, celanese, and other fibers without making the situation worse. In wheat a 90% of parity loan, based on a figure of $1.83, would mean a loan price in Chicago of $1.84 a bu. Thus with the various charges that accumulate through the carrying of grain, it would require a price here of nearly $2.00 for redemptions to take place, and this is all so inflationary that we see little likelihood of the White House giving its official sanction.

When the war is over, we shall certainly have to turn back some of the business which is under government domination. Nobody can tell for sure whether this will apply to agricultural commodities, but certainly in the field of business our government will not wish to compete with its own citizens. They will own about 10% of the steel industry, more than 30% of the machine tool industry, more than one-half the aluminum industry, nine-tenths of theaircraft industry, more than nine-tenths of the manganese industry, and practically the whole of the synthetic rubber industry, or altogether more than one-tenth of the country's total means of industrial production.

Primary receipts of wheat were again small, at 513,000 bu compared with 611,000 last week, and 2,029,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 513,000 bu. When the visible supply of wheat is posted on Tuesday it will compare with last year's decrease of 1,540,000 bu. Of course, with the car shortage as acute as it is, we may expect heavier inroads on our accumulated supplies, but from what we hear the country would sell more eagerly at ceiling levels if they could get their grain to market.

In the meantime, weather conditions for the crop remain favorable. The Oklahoma report for the week states that surface moisture is adequate to carry fall-sown grains through the winter, and that intermittent rains falling slowly have resulted in very little run-off. It is still too wet to cultivate over much of the State. In Kansas, there is a snow blanket in central and western portions of the State; the recent snows and rains have been beneficial to wheat in the far western counties, but fields in central and eastern Kansas are excessively wet. We never worry very much about the latter.

With further liquidation coming into the various pits, lower prices were recorded, although the market recovered fairly well from the low quotations of the day. In wheat it looked like some mill buying, apparently against flour business. Last prices, however, showed declines of 5/8 to 1¢ per bu.

We understand that owing to thesevere drought in Australia all restrictions on acreage have been abandoned for the 1945-46 season.

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CHICAGO, 4 February13, 1945.

While our domestic markets were closed yesterday in celebration of Lincoln's birthday, the "Big Three" meeting in the Crimea at the little seaport of Yalta apparently came to agreements on peace aims and border problems. Their comprehensive blue print for victory and an enduring peace was given simultaneously to Washington, Moscow, and London, with most observers agreeing that the groundwork was laid for establishing peace terms for the entire world.

While the three leaders have apparently agreed upon common policies and the plans for enforcing unconditional surrender, there was nothing that dealt directly or indirectly with our commodity markets, and, therefore, opening prices here this morning were influenced by other factors. It had been announced that certain purchases of cotton were to be made for Lend-Lease, also the Winnipeg market was open yesterday, and rye prices there ruled very strong, although not too much attention is paid to that cereal for the reason that small transactions easily influence price trends up or down. In recent sessions there has been considerable buying at Winnipeg --some of it attributed to traders on this side of the international border, and with the relatively small supplies in that country, it seems comparatively easy to attain higher prices, although in figuring Canadian rye, one must discount 10% for Canadian currency, but still they have gone to a premium over Chicago, and thus the likelihood of further imports has been removed.

There has been some consideration given to a larger demand from Europe the moment hostilities end, and already England is trying to improve the edibility of bread owing to the fact that the national loaf was never very popular. The Minister of Foods had originally decreed that the extraction from the wheat kernel be set at 85%, and this also had the sanction of the Medical Research Council on nutrition gounds. Gradually there was some relaxation since the period of 1941, with a moderation of 2 1/2% last October, and a further 2 1/2% now, so that the millers appear to be highly pleased over this change, as they had previously opposed the high rate of extraction, but apparently could do nothing about it. This in itself will not requite so much additional wheat, but at least it shows that wherever possible, public opinion is finally favored. The chances are that some quantities will leave this country under Lend-Lease; but by far the largest amount of wheat will be furnished by Canada, with Argentina probably coming second in furnishing supplies.

It seems that it is taking longer than usual to compile the data on loans, and while legally farmers could not avail themselves of this process since the first of the year, the tabulations are still taking place, and there is now 182 million bu wheat impounded from the 1944 crop, less, of course, the redemptions, which have amounted to about 16 million bu. Were it not for the scarcity of cars, we believe that farmers would sell more liberally, and thus the movement to market would also be greater.

The primary movement of wheatamounting to 1 1/2 million bu was again small considering the holiday, and this factor has accounted for the large decrease in the visible supply of wheat, amounting to nearly 4 million bu. The total remaining in various positions is 109 1/4 million bu, or only about 4 1/4 million bu larger than it was a year ago. Until the car situation improves, we feel convinced that the inroads into existing supplies is bound to be fairly heavy. Chicago stocks of wheat decreased 167,000 bu, leaving 4 1/4 million bu here; the bonded wheat was unchanged, with 1 1/4 million bu at Chicago. However, rye stocks, locally, decreased only 28,000 bu, although some claim that more is sold to go out whenever cars become available. The total visible showed a slight increase, indicating a very poor demand.

In any event, little attention was paid to statistics. While there was some indifference early in the session, the great strength in stocks and higher prices for cotton influenced buying, with the result that outside markets kept pace with the advance. Thus, with very little pressure from any source our market gradually gained momentum, and at the close there were advances of 1 1/4 to 1 7/8¢ per bu.

Trade in corn was moderate, there was fair support, and it was not easy to make purchases until prices had risen substantially.

Some of today's strength may have been due to an eastern trade letter calling attention to the fact that the enactment of theThomas Bill this year is definitely possible.

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CHICAGO MERCANTILE EX.

February 14, 1945

Owing to the fact that some of the best authorities in Washington are of the opinion that the Thomas amendment has a chance of passa we feel it pertinent to discuss some of the phases of the parity concept since the Agricultural Adjustment Act of 1933 was first promulgate. Parity was defined at that time as, "that price for the commodity which will give to the commodity purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period." In actual practice, there have been changes in the use of the statistical data which enter into the determination of parity. The formula was at one time revised to include the consideratio of interest and taxes, and now there seems to be a definite move to make allowance for the labor of the families, as well as for the farmers' own services. In an effort to reach a higher plane, the base period, 1909-14, which was at one time considered fair, is now to be discarded under the Thomas plan, in order to use a more inflationary period. Thus we can readily understand that the whole scheme, if continued, could easily become a political football, Likewise, the application is subject to juggling, because the support loans on basic commodities were originally authorized at 52 to 75 % of parity and later Congress made mandatory 85% loans, and still later 90% loans, with those in cotton even reaching 92 1/2%. Furthermore, it was provided under the Stabilization Extension Act that the President should use all lawful means to bring the price of agricultural commodities to full parity. Before an interpretation was rendered a year ago, it was always taken for granted that with the high loans and the other payments, such as soil conservation, bounty, etc., the farmers were receiving full parity levels without having the CCC support cash markets, and thus further tie up supplies. In our opinion, where the plan seems to miss the goal entirely is that parity of commodity prices is stressed to such an extent rather than parity of income.

In any case, while these great uncertainties are pending, it is quite likely that firm markets will prevail. Furthermore, the revised estimate of the Argentine rye crop, cutting it from 16 million bu, which had been the forecast in December, to 10 million bu at the present time, it is regarded by many traders as removing the burdensome surpluses in the exporting countries to a point at which a quick ending of the war in Europe might create a demand for this cereal, with stocks already reduced in the United States as well as in Canada. Consequently, it was not surprising that further strength was displayed this morning, particularly with higher prices for securities and for cotton, which also reflected the inflationary tendencies being exercised by the large amount of money in circulation and our increased debt.

The car shortage is showing signs of easing slightly, although not too noticeably. Most buyers in the East have a considerable amount of corn booked and would undoubtedly buy greater quantities except for the transportation problem. There will unquestionably be a large movement of corn to terminal markets in preference to other cereals when cars become more plentiful, as there is a great desire to move wet cor from the farms into safer places. This has been a rather difficult crop to handle, and there are bound to be difficulties ahead, particularly as we approach the warmer months. At the same time, the quality of the corn is not having any effect upon the market, with cash supplies still remaining tight, and the business being limited only by the ability to condition the grain and to get it into consuming channels.

Primary receipts of wheat were again light, amounting to only 547,000 bu. This compared with 508,000 bu last week and 1,569,000 bu last year. While repetition, we can only say that the car shortage has much to do with the situation. Kansas City and Minneapolis stocks so far this week show a total decrease of 184,000 bu.

Markets were never/too strong, although at times our rye was influenced by the great strength at Winnipeg. In the last half hour of the session, there appeared to be some profit-taking, with the result that the close was slightly lower. There was very little feature to wheat; in fact, the market was quite indifferent. Prices were firm, and with cash values pretty well maintained, there seems to be very little pressure. Trade, however, seems to be light.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 15, 1945.

If the war has done nothing else, it has at least brought about a better understanding as to how the soil of this country should be utilized, and it has educated farmers in classifying their land, so that they at least have the knowledge of what crops are most suitable according to various factors, such as slope, degree of erosion, previous usage, etc. According to the Department of Agriculture, since Pearl Harbor almost as much farm and range land has been improved through comprehensive conservation work as in the eight years before this country entered the war. This was all made possible even though labor on farms has been declining, and we find that on February 1st of this year, farm employment totaled only 8,051,000 workers, which is 4% less than a year ago same date, and 11% lower than the average for the five years just prior to hostilities. Part of this decline is due to unfavorable weather, and in many areas it is still far too wet to work the soil, so that there is some chance that part of the hired workers will return to the land when conditions improve. At the present time, the number of hired workers totals 1,494,000, while the number of family workers, including the owners of farms themselves, totals 6,557,000 persons. Outside operations, including feeding, have been retarded by cold weather, snow, and frozen ground in the northern sections of the country, while cold weather and rain are the restricting factors in large sections of the South.

There was very little news to guide our market this morning, but the carryover feeling from yesterday was slightly bearish owing to the fact that prices yesterday had yielded ground rather quickly on small realizing sales, and it seems that most of the encouragement is not so much from the statistical data, but rather from other factors. The car shortage is still important, although shows signs of slight easing. There has been no important buying by the CCC during recent weeks, but yet there is knowledge that if prices should break materially in the event of peace, support would be forthcoming. Our visible supply of wheat is decreasing faster than it would if more normal quantities of grain were shipped to terminals, but the movement, of course, is slowed up by the inability of shippers to get cars. On the other hand, supplies at Ft. William and Port Arthur are increasing gradually with 2 1/4 million bu of oats added to the supply this past week, and 1,648,000 bu barley, indicating the possibility that lake shipments to this country will take place when navigation opens. Wheat stocks increased less than a million bu, and apparently it is realized that this country will take much smaller quantities than was the case last year. Likewise, rye is increasing slowly, and there is only about 1 1/2 million bu at Ft. William compared to 5 million bu last year.

As for our own situation, we are shipping somewhat more than 2 1/4 million bu wheat and flour each week from these shores, and estimated clearances to date amount to 72 million bu, with twenty weeks to go before we reach another crop-year. Having started last July with total supplies of 1,393 million bu, and assuming prospective utilization at home of 880 million bu, there was available at the beginning of the season about 513 1/2 million bu. The estimated imports from Canada are 35 million bu, the latter presumably going largely to feeders. Crop news is generally favorable. The Kansas Weekly Report is optimistic, although a good deal of sorghums stored on the ground have already spoiled. Livestock is generally in good condition in that State and feed supplies remain plentiful. Moisture is abundant all over the State.

Primary receipts of wheat were slightly larger, amounting to 631,000 bu compared with 505,000 bu last week, and 1,950,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 320,000 bu.

There was further liquidation today in rye, and in oats, also moderate selling in wheat, but it seems that various brokers have been buying the July wheat now for many days. It is difficult to tell what significance to place upon this buying, but unquestionably it has had some steadying influence upon our markets. At the last prices for wheat registered declines of 3/8 to 1¢ per bu.

As we understand it, no subsidy payments can be made by the DSC for wheat ground into flour after June 30, 1945. It seems that the Taft amendment does not permit the price administrator, the RFC, nor any other governmental agency to make subsidy payments, nor to buy commodities for the purpose of selling them at a loss after that date.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 16, 1945.

Our market today was mainly of a political nature. Late yesterday, Senator Bankhead made the statement that the support program for cotton and for wheat was to be continued another year, and he added that assurance had been given him that the CCC now had the experience to maintain cotton and wheat prices at parity and would do so next season. In this connection, we can only say that once supporting of prices becomes popular, every producer and every industry want their share of the benefits, and already we notice that WFA has announced details of its 1945 egg price-support program, which will include the purchase of dried and shell eggs to supply export outlets, and also a provision for the purchase of shell or frozen eggs for direct price support. So many other commodities have already been included that our whole economy would be changed unless sometime at some point a halt were called. We note, however, that mild opposition to WFA's cotton-purchase program is rising. The National Council of Cooperatives is expected to take a strong stand against it, and high Farm Bureau officials feel it is dangerous, according to the last edition of "Cotton's Week," published at Memphis. This publisher also states that Grange sentiment is much the same way, and that inside WFA, it has never been popular. However, there is no certainty it will be abandoned at the end of the season, and according to that article, Senator Bankhead had not yet committed himself, although there were rumors that he would like it continued. As we understand it, there is still uncertainty concerning the Stabilization Extension Act of 1944, which includes the extremely important amendment calling for all lawful action by the President to achieve parity returns for farmers. Administration spokesmen have not expressed much enthusiasm for this law. Hence, it is regarded likely in some quarters that Congress will not extend the Act beyond its expiration date, June 30, 1945.

From the above it will be seen that most attention was directed to political pronouncements and fears. The fact is that the record production of food during the last three years has made it possible not only to supply our armed forces on every front, as well as to furnish vast quantities to our fighting allies, but at the same time we have had more food for civilian use than ever before in our history. Even with certain labor shortages, farmers, city gardeners, home canners, food processors, and distributors, together with our transportation facilities, have performed magnificently, and according to Mr. Marvin Jones, another big year lies ahead. Farmers are being asked to plant more acres to crops this year, while the farmers themselves and their wives, as well as the older people, and the children on the farms, are working to the limit of their ability.

We spoke of the general condition of winter wheat in our letter yesterday, and now have before us the Oklahoma weekly bulletin, which claims that wheat and barley showed some improvement during the week, and that both crops were in fair to good condition, while damage from freezes and insects is light. Under the influence of milder temperatures which had prevailed, the snow covering in most areas of the Southwest has retreated slightly, but the cold wave is apparently not as intense as some had expected and will probably not be severe in the Southwest areas. Along the Atlantic seaboard, the snow ranges from traces to as much as seventeen inches, with nearly two feet near the Maine Coast. This is still hampering transportation facilities, and no great improvement is looked for in the ability to get empty box cars for at least the next two weeks.

Primary receipts of wheat were 623,000 bu compared with 513,000 bu last week, and 1,725,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 439,000 bu.

Markets were quite strong from the start, deferred deliveries showing more activity than the nearby for the reason that if Senator Bankhead's suggestion goes through, the support will be felt mainly on next year's crop. At about mid-session the government released a report on the livestock situation. The most marked decrease was in the number of hogs, showing 60 million head on farms, a reduction of 28% from the all-time high of a year earlier. This, however, had little influence on either corn or oats. Some construed it to mean that with less hogs to be fed that farmers might not market animals until they had reached heavier weights, thus consuming greater quantities than otherwise. At the last wheat prices showed advances of 1 1/4 to 2¢ a bu

Everything else was up in sympathy. At the start oats were indifferent, but short covering and reinstatement of long lines finally gave all markets a favorable tone.

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CHICAGO MERCANTILE EX

CHICAGO, 4 February 19, 1945.

Markets are still under the domination of political developments to a greater extent than normal factors, such as weather, crop developments, and other statistical data. For example, the rains in Texas this morning were hardly heeded, and there is practically no comment about the prospects of the winter wheat crop, although everything looks quite auspicious at this time for a good yield next summer, but still the matter of higher or lower parities is apparently more important to the trade as a whole. The fact of the matter is that we have an immense pent-up demand for the goods in this countr and one of the best examples of this is a statement recently made by Senator Kenneth S. Wherry, who makes this observation: "Just the other day in Gage County, Nebraska, a tractor was offered for sale at the ceiling price of $800 and each prospective purchaser had to put up a check for that amount. No fewer than 170 farmers put up their checks-- which means that $136,000 was available to buy one tractor, That is evidence of the present potential demand by American for American goods. The same condition exists with respect to automobiles, refrigerators, washing machines and a hundred and one other items. But this is also evidence of what is going to happen if the government, through taxes and other restrictions, bars the way to full production. If we have less than full production --that is, if American citizens are not permitted to exercise to the full their industry and inventive genius, there will be such a bidding for goods that prices will go through the roof and we shall find ourselves in the chaos of inflation." The government is apparently cognizant of this situation, and we are convinced that so long as the war lasts and the demand for agricultural products remains high, our acreage must be maintained at even greater levels than was the case last year.

The next question, of course, is after the various commodities have been produced, what political action will be taken to keep the price level constant. We read, for example, that continuation of the Cotton Purchase Program in 1944 is not a foregone conclusion, despite the announcement Friday by Senator Bankhead and Representative Brown, co-authors of an amendment to the Price Control Act, which bears their names. Here, again, we quote from Cotton's Week, a Memphis paper, which is well posted on this situation. They already acknowledge that Senator Bankhead undoubtedly wants to continue the purchase program on cotton, and apparently this was one of the reasons for his statement last week. 'Probably one of his reasons was to serve public notice on groups, which are urging lower prices for cotton to better enable the product to meet competition, that he was in the mood to fight them as vigorously as he could, but likewise his conversations were with newspaper men and the text of his remarks did not embrace the purchase plan, as this authority points out.'

Primary receipts of wheat amounted to 967,000 bu compared with a holiday last week, and 3,497,000 bu last year. The car shortage is still a very important factor, and shows some promise ofbeing relieved When the visible supply of wheat was posted it showed a decrease of 3,730,000 bu; total supplies in all positions amount to 105 1/2 milli bu, or about 4 1/2 million bu more than was on hand last year. At Chicago, there was a decrease of 250,000 bu, cutting our stocks here to slightly under 4 million bu. There was no change in the bonded stoc which are still 1 1/4 million bu. There was a decrease in Chicago of 30,000 bu of rye; in all other positionsabout the same,indicating rather slow demand.

Markets were rather strong. It seems there is no pressure from the country, and with the possibility that we may have higher parity level later on, there is a willingness on part of buyers to take on commitments whenever there is moderate weakness. As we understand it, the Thomas Bill, introduced in the Senate February 8th, is still resting in Committee. The Pace Bill, likewise, is with the House Agricultural Committee, and some are of the opinion that both these Bills, with possibly minor changes, will pass their respective bodies. In the event that a Presidential veto would become imminent, making it difficult to over-ride such veto, then the sponsors might try to effect a compromise. This would necessarily affect next year's loan, and with such uncertainties ahead nobody can have very fixed ideas on the future of prices. At the last wheat showed advances of 5/8 to 1 1/8¢ per bu.

There was moderate buying in rye, and that grain also closed higher, with corn and oats being influenced in sympathy with the bread grains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 20, 1945.

There are a great many people who are beginning to wonder whether the post-war price guarantees will actually prevent price declines, or whether they will just cushion them. Of course, if the government goes through with its policy of supporting various commodities, we may for a time prevent sharp recessions, although the chances are that it will be more drastic when it comes. The lesson learned from the last war was that artificially high levels increased acreages in Canada, Argentina, and Australia, with the result that those other surplus countries are now producing much heavier than was the case 25 years ago. It is also pretty axiomatic that if prices are permitted to decline acreages will be contracted, and that farmers will either raise less or else go into other fields. We have already seen in the State of Illinois that the production of red wheat has decreased owing to the fact that producers found it more profitable to raise soybeans. On the other hand when we can again import fats and oils from the Orient, the question remains whether soybean prices can be kept at present levels unless added uses are found for beans in other fields. In any case, we have not yet given up hope that we have permanently stopped raising soft varieties of wheat in this State simply because for a time other commodities could be more profitably raised.

Our own view is that in peace-time the most effective way to dispose of surpluses would be to let prices seek their natural levels, thus stimulating flows into export and into multiple domestic uses. During the last depression, while the farmer was seriously harmed by low prices, we did learn that China, which was the largest grower of wheat, imported some of our grain which was shipped from the Pacific Coast. Likewise, there was heavier consumption at home, due to the fact that there was more wheat fed, and probably more also went into bread, on account of the fact that greater wastage took place.

The government is still tabulating figures on the amount of wheat under the loan, but only 359,000 bu was added since their last report was compiled, indicating that 183 million bu was impounded. On the other hand, with the price very satisfactory, redemptions during the week have amounted to 3,350,000 bu, so that actually a total of 19 1/2 million bu has come out of the loan, which if continued will mean that defaults will not be very great.

Our market opened somewhat higher this morning, but the urgent buying of yesterday was not present. Apparently shorts had covered pretty well on previous occasions. Later in the session it was announced that the government would be in the market this week for huge quantities of flour. These supplies apparently are to be used for relief distribution abroad, and it was further stated that millers West of Buffalo would receive requests today and tomorrow, with those eastern parties asked to submit offerings Thursday, Friday, and Saturday. Nobody can tell how much flour will be offered to the government, as a good many millers are anxious to take care of their private trade requirements first. With the car shortage, it will not be an easy matter to handle both types of customers. However, the wheat market, particularly May wheat, responded to this news, although other cereals were rather indifferent, and this was particularly true of rye, which in turn was influenced by a rather indifferent market at Winnipeg.

Primary receipts were a little heavier, and amounted to 945,000 bu; this compares with 1 1/2 million bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 136,000 bu.

In spite of further advances in wheat, trade was not particularly active. There was a little selling at times owing to the fact that further precipitation was experienced in the Southwest. It was not heavy, but rather general, and from all we hear crop prospects are being well maintained. At the last prices showed an advance of 1/8 to 5/8¢ per bu compared with the previous session, except December wheat which closed 1/4¢ lower.

Corn and oats were rather indifferent, with prices showing just fractional declines. We note that yesterday less than one million bu of corn changed hands in the pit, or about half as much as the turnover in oats.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 21, 1945.

In view of the fact that the Administration is still keeping one eye focused steadily on the inflationary tendencies, and having observed now that land values, farms, and stocks have advanced, it is not altogether surprising that the Chairman of the Federal Reserve System should come out with a warning to curb any excesses, although we do believe sincerely that his approach will not bring about the results which are intended. He talks of wartime gains from speculation in stocks and in real estate, and, therefore, urges measures to combat such threats by imposing higher taxes on transactions where big profits are involved. Probably one of the most stable measures adopted in recent years was the reduction in the capital gains tax, for the reason that whenever persons had moderate profits, the question of tax was not a vital issue. Thus markets, and even real estate, were liquidated by holders from time to time, bringing about greater liquidity. Undoubtedly one of the worst periods in our history came just prior to the 1929 debacle, when profits were tremendous but holders of land and securities felt that by selling these properties, they would have to pay too much into the federal treasury. The result was that we were in a period of terrific holding, and because of it markets became thoroughly artificial until they rose to such peaks that it took very little to unbalance the structure, and the forced selling which followed accentuated an already dangerous situation where shorts had been eliminated and where the market was primarily speculative. At the present time we have nothing of that kind to fear, since the margins are already very high on stock transactions. Many of the issues are being purchased for cash. The investment public is placing its excess funds into equities of all kinds, including government securities, and in our opinion markets will be kept more liquid and advances will be more restrained if there are moderate capital gains taxes instead of the prohibitive ones, which will force everyone into holding property.

In any case, there were some recessions in the stock market this morning, and this was an influence in grains, together with the fact that there had been rather general precipitation over the country. Numerous snows were reported in parts of the Southwest, and there was rather evenly distributed rain over the Central States, all of which is beneficial for winter wheat. Minneapolis advised us that there was little evidence of mill buying, following yesterday's statement that large quantities of flour were needed for relief purposes overseas, but we did observe a pretty fair amount of hedge lifting here in Chicago, which was a sustaining influence, particularly since cash wheat is bringing either ceiling prices or practically those for all grades of wheat.

The government weekly report issued at Washington stated that the condition of small grains is good almost generally; also, that good to excellent growth was made in the South, where both rainfall and temperatures have been high. There was even slight growth or greening of winter wheat as far North as southern Illinois and southern Maryland as a result of this warm spell.

Despite the fact that distillers are using very little corn in the manufacture of alcohol, this cereal held relatively firm, but trade was comparatively quiet, and we note that yesterday's volume was again less than one million bu. Therefore, small orders to buy that cereal apparently had more than the usual influence upon prices. Due to revisions made by OPA, slight changes were necessary in the corn, oats, and barley ceilings but not enough to be of any market importance. It simply places us back on an "in-store" basis, which had been customary in this market since the beginning of trade, and which was changed only by certain OPA regulations.

Primary receipts of wheat were 452,000 bu wheat vs. 547,000 bu last week and 3,986,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 214,000 bu.

As a result of overnight milling business there was consistent buying of May wheat; the amounts were never large, but on the aggregate quite a sizeable business must have been put through. In the last few minutes of trading there was some realizing by locals apparently before the holiday, with the result that prices were up only 1/8 to 5/8¢.

Oats were rather weak but corn was firm. Both cereals are being traded in moderately, and are easily affected by the character of orders which come into the pit.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 23, 1945.

While our markets were closed yesterday in celebration of Washington's birthday, Winnipeg was open, but the fluctuations in rye were quite nominal, and it seems that since their market has advanced sharply in recent weeks, there is some reluctance on part of operators to take the constructive side of the market with the same assurance. Their statistical position is given below, with last year's comparisons: TOTAL SUPPLY AUGUST 1 - ALL CANADA.

	1944-45	1943-44
Carryover July 31	5,576,061	15,267,755
Crop- All Canada (Revised)	8,526,000	7,143,000
TOTAL SUPPLIES	14,102,061	22,410,755

From the above it will be seen that the last carryover showed a reduction of nearly 10 million bu from the previous one, but we can account for most of this owing to the fact that about 8 1/2 million bu rye was shipped to the United States during the 1943-44 crop year, while the present Canadian shipments to the United States are next to nothing, and probably cannot amount to much because of the price relationship. We may also conclude that a year ago, the Canadian domestic consumption was about 7 million bu, and this may be reduced somewhat during the current season because high prices are a deterrent to heavy feeding. Furthermore, rye is selling for more than wheat-- also an unusual circumstance, since rye tests only 56 lbs to the bushel, while wheat is slightly higher. If this reasoning is correct, we may assume that the Canadian reserve next August may not be reduced much from the carry-over supply of July 31, 1944.

As for our own situation, we give similar figures of crop and carryover for the past two years, indicating that total supplies last July were about 21 million bu smaller than a year ago:

U. S. DEPARTMENT OF AGRICULTURE

	1944-45	1943-44
Carryover July 1	31,033,000	47,114,000
Crop	25,872,000	30,781,000
TOTAL SUPPLIES	56,905,000	77,895,000

This picture does not tell the fully story for the reason that imports from Canada, as mentioned above, will be small, while last year they amounted to nearly 8 1/2 million bu. However, the quantity needed for seed should not vary much: namely, 6 1/2 million bu; the amount used for flour, 10 million bu, is apt to be very much in line with the previous year. Exports and industrial usage account for 4 1/2 million bu, and that likewise will not change a good deal except that possibly exports will be smaller. The big item is the amount used for feed, wastage, etc., which last year was 33,647,000 bu, and which we believe will be completely different during this present crop-year, for the reason that ordinary feeds are in plentiful supply, and, therefore, rye, which is only a substitute, and not a particularly good one, should fall into disuse because of these factors.

Primary receipts of wheat amounted to 960,000 bu vs 628,000 bu last week, and 2,261,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 365,000 bu.

There was rather general moisture again over the winter wheat belt, but even before this the State reports for Kansas and Oklahoma were very optimistic; soil moisture seems to be ample, and there is an abundance of it for this time of the year. A limited number of fields have been prepared for the seeding of oats, but generally speaking field work is difficult. Winter wheat, however, is making normal progress, and is reported to be in fair to good condition in most sections.

After mid-session there was a report by the Associated Press that the Argentine Cabinet had decreed that merchant ships henceforth would be permitted to call at United States and Canadian East Coast ports, and at European ports, including those in the Baltic and Mediterranean. This permission was granted subject to approval by the Navy Ministry. Also it was reaffirmed that ships of European belligerents seized at Argentine ports when the war brok out, must restrict their traffic to the Western Hemisphere in accordance with inter-American agreements. This caused weakness in rye, and in oats. There was considerable liquidation, although some recovery from the low points of the day. Despite covering of hedges in wheat against flour business, the markets were weak at times. We figure that the July delivery at about $1.56 per bu is about what the loan will be at Chicago based on present parity if there is no change in the formula computation.

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CHICAGO, 4 February 26, 1945.

According to the latest information available on the CCC wheat loans, there is about 183 million bu impounded, although redemptions have been effected on 21 million bu, so that the net amount frozen from the 1944 crop is only 162 million bu. Several months ago, we made thestatement that of the estimated carryover next July of 400 million bu, we doubted whether more than 150 million bu would be in government hands, and it now looks as though this forecast might find fulfillment. Of course, the government through various agencies has wheat in other positions, some having been carried over from previous crops, but should the present price be maintained, with near ceiling levels at most important market centers, it is only natural to feel that if cars were available farmers will take advantage ofthe few extra cents in their favor to liquidate loans and to place the wheat back into commercial channels. This being the case, one cannot be too sure of the position between May and July wheat, for the reason that if there are sufficient quantities in the hands of the trade, there finally might be very little, if any, premium for the old crop position over the new. Then, of course, the situation is further complicated by the fact that we do not know yet whether parity next season will be computed on the same basis as at present. As a matter of fact, Senator Thomas, while not pushing his plan ardently, has at least expressed himself that a formula should be worked out to secure about $1.83 for producers for their wheat on the farm, which in turn would make a very high loan level, if there were congressional enactment. Another important factor is the reduction in our animal population, which not only means a smaller amount of corn and oats to be fed, but likewise smaller quantities of rye and wheat, and this also is guesswork to some extent, especially with smaller quantities of CCC wheat being sold to producers at prices considerably beneath those prevailing for regular commercial uses.

Our exports are seldom mentioned, but in thirty-three weeks of the crop season, we have shipped less than 75 million bu wheat and flour, so that even with the large requirements for our men overseas, the chances are that the 100-million-bu figure easlier considered will not be far exceeded. There was a fair amount of government business last week, but this seems to have satisifed their needs for the time being at least, and with no further support this morning, our markets after the first hour of trade tended lower, with apparently few shorts left to lend support. We note that since August 1st, about 75 million bu wheat has been shipped from Canada to the United States, but having been told that only about 35 million bu will remain here, probably all of it for feeding purposes, we assume that the balance will be shipped abroad whenever navigation permits. However, the 40 million bu oats and the 22 million bu barley will augment our domestic feed supplies, and the chances are that with navigation opening in another six weeks, the quantities might again become fairly important, as everything at the moment has tocome here all-rail, and that, of course, is a slower process. As we mentioned a few days ago, the rye imports from Canada are likely to remain small. To-date, there has been only about 2 1/2 million bu shipped here, but the price relationship precludes much chance of a larger business when navigation opens.

The primary movement of wheat was small, and amounted to only 831,000 bu versus 967,000 bu last week, and 3,357,000 bu last year, the shortage of cars still being the most important factor. Likewise, a bigger decrease in the visible supply for the same reason, which was 2,609,000 bu, leaving total stocks in all positions 103 million bu compared to nearly 101 million bu last year. At Chicago there was a decrease of 309,000bu, which leaves only 3,656,000 bu at this market. There was a slight decrease in Chicago rye stocks, but there is still 8 million bu here; for the entire country a slight increase for the week was noted.

Statistics had little influence, and even the fine moisture over the weekend was overlooked, but after mid-session the Canadian Wheat Board announced that effective immediately, and until the end of the cereal year, farmers would be permitted to deliver all their grain at any elevator wherever space was available, and the removal of restrictions, where previously there had been a quota, brought up the question of possibly larger shipments to this country.

Liquidation in rye and the selling in that pit also unbalanced prices elsewhere. At the last there was general short covering.

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CHICAGO MERCANTILE EX.

February 27, 1945.

The 79th Congress now in session is concerned with the problem of continuing the Commodity Credit Corporation as an agency of the United States, and also to increase its borrowing power from $3 billio to $5 billion, which the sponsors claim is essential in order to fully assure that the Corporation will have ample funds with which to carry on its operations. The Hon. Marvin Jones, War Food Administrator, has this to say: "While this seems like a considerable sum of money--and it is-- yet laid alongside the vast expenditures which are necessary for tanks, guns, planes, and other products of war, it is small. We are spending for all those activities around a hundred billion dollars a year. That is also a tremendous sum. But whatever is necessary, it seems to be the general thought should be expended." Of course, if every other agency felt the same way about a few billion dollars, we would soon find ourselves trying to sustain the price of practically every commodity where there is still room for price improvement; and by this time most of us are already familiar with money inflation, it having made its initial appearance some years back in the first deficit financing. At present, we should be more concerned with the dangers of inflation, and already such portable luxury consumer goods as mink furs and diamond jewelry, (upon which there is no OPA ceiling)have already enjoyed a very sharp price appreciation. Furthermore, it is a fundamental fact that government debt creation is money creation, a simple fact which is so often overlooked and so readily forgotten.

In glancing at the statement of loans and commodities owned by the CCC, we find that their undertakings have been vast and varied. Not only wheat, corn, and cotton loans, to which most of the trade has become accustomed, but there are loans on grain sorghums, on peas , on peanuts, on potatoes, on rye; likewise, there are soybean loans, tobacco loans, naval store loans, flaxseed loans, with the result that the commodities owned and held by this Credit Corporation amount to some $1 1/2 billion, including some foreign commodities, such as sugar, various oilseeds and products, not to speak of some cotton held for the past year or two by cooperative marketing associations, for which government money has been pledged. Should this additional money be forthcoming, we presume that both loans and purchases would be continued, and probably extended to many other fields not currently covered. We are not denying that price supports voted by the Congress have stimulated wartime production, nor that they have increased the farmers return and have made food price control possible, but in the postwar era, it will be an entirely different undertaking, and if the supports are carried on too courageously in order to prevent recessions after the wartime demands are no longer with us, the secondary consequences may be more far-reaching than is now anticipated.

Mr.Churchill, in discussing the Crimean Charter, made one interesting observation amongst many. This was to the effect that the San Francisco Conference was expected to bring together all the nations which have declared war on Germany and Japan. The Japanese situation apparently had the approval of Marshall Stalin, who indicated that a declaration of war against both these hostile countries should be the price of admittance.

Primary receipts of wheat were still small, at 596,000 bu compare with 545,000 last week, and 2,339,000 last year. The car shortage seems to be just as acute as ever, and so far this week Kansas City and Minneapolis stocks show a total decrease of 195,000 bu.

A prediction that the war's end would drop upon the American farmers the greatest glut of surplus foods in history, came from the House Appropriation Committee, and it was further stated that the liberated countries of Europe had demanded far less food than was expected This had very little market influence, possibly because Broomhall was not nearly so optimistic in his outlook. He stated that England had had one of the hardest winters in history, that the land was waterlogged and could not be plowed until it dried, with the same applying to most of western Europe, so that unless much more than usual spring seeding is accomplished, acreage to grain in Europe would be short. He also forecasts that with the expected collapse of Germany conditions would be deplorable, and that the 1945 harvest might be the smallest in history. This apparently was viewed without optimism, at least from point of view of the exporting nations having surpluses, and reports which we get from the East are already to the effect that the government is willing and anxious to move grain to the seaboard in the event that such demand will later arise.Firmness in corn affected other cerea

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CHICAGO, 4 February 28, 1945.

Bread consumption in the United Kingdom was about 25% larger last year than before the war. On basis of total requirements, amounting to approximately 245 million bu, it was necessary to import about 145 million bu owing to the fact that even with the fairly large crop of 118 million bu, about 10% was unmillable; and somewhat over 7 million was required for seed. Before the war, the combined imports of wheat and flour of the United Kingdom averaged 205 million bu annually, but at that time smaller quantities were domestically produced, and very likely after the war, acreages will again be cut, as it was only for the purpose of reducing overseas transport that great sacrifices were made during hostilities. While the British are probably the most law-abiding people, there have been numerous black markets established, and the Minister of Food just pointedout in Parliament that he does not think it worth while to divert the flow of certain supplies from the black market restaurants to the average household. He claimed it would not yield one chicken or one rabbit per person per year. As a matter of fact, certain articles in that country are selling at prohibitive prices and control distorts the market in many ways. For example, fresh asparagus, which is not under a ceiling price, is selling for $9 a bundle, and strangely enough, this kind of business flourishes. On the other hand, growers in certain poor districts sell rationed potatoes only to customers who will buy extra cabbage. It is generally conceded that the vastly inflated purchasing power of the public will have to be kept under control by rationing, although the public is very much fed up with planned economy, but the wartime attitude accepts it, and in that respect is far different from what people in England hope for in their post-war life. They expect the cost of living in terms of absolute necessities to rise from 140% of the pre-war level, (which is the present situation) to about 180%. They admit that the price of non-essential consumer goods may go up to three or four times the pre-war level, although they are hopeful that they will be able to maintain the line generally at such "moderate" inflation, so that after a few years everything will be straightened out. In the meantime, there is evidence that controls and subsidies will be used. New houses will be heavily subsidized, and so will the feeding and clothing of the population. In other words, a large part of the consumer expenditures will be shifted from the private household to the public budget, which in turn will be kept unbalanced far beyond the war. We are indebted for most of the above information to a friend of ours who is traveling in Britain, and who is sending us his observations every few days.

Coming now to France, the last wheat crop was estimated at 240 million bu compared with 315 million bu a year earlier. While bread should not be lacking this season, there is considerable fear with respect to the 1945 crop for several reasons. Land has been neglected, both with regard to turning and to the use of fertilizer. The scarcity of fuel for mechanical cultivation and the heavy acquistion of horses by the German Army has delayed work in the fields. Moreover, rain prevented complete fall seeding, and nearly half the wheat remains to be sown. A special effort will have to be made to insure an average crop in order to avert a serious shortage next summer.

Generally speaking, the winter wheat outlook in our country continues favorable. The State reports are optimistic and likewise the weekly government report mentioned today: "During the past week it can be said that small grains are in good shape throughout the country. Likewise, it is now seen that winter wheat came through the winter in good shape through the northwestern andPacific States, where considerable apprehension had been felt due to severe freezing during periods of little or no snow cover and rapid alternation of freezing and thawing.

Primary receipts of wheat were exceptionally small, the same factors prevailing --only 433,000 bu compared with 452,000 bu last week and 1,957,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 262,000 bu.

With the great strength in stocks, grain markets ruled higher. There was also a report in rye, credited to one of the grain authorities that the Scandinavian countries would want rye after the war was over. However, this was later denied and markets reacted to some extent, but still the undertone was fairly steady.

Oats were quite indifferent early, but rallied late on a report that Canadian permits for rail shipments to the U. S. would not be granted.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 1, 1945

Just shortly before the close of our market yesterday, there had been word from Canada that permits had been banned on rail shipments to the United States. There was some confusion, because a good many of the shippers located at Winnipeg were not familiar with this order, but in the meantime, it has been clarified, and it seems that until further notice no export permits for oats or for barley will be granted. This action has apparently been taken due to the rail car shortage, but it was also stated that sufficient export permits had already been issued to take care of available cars. In this connection, we call attention to the fact that since August 1st, there has been nearly 41 million bu oats shipped from Canada to the United States, and about 22 million bu barley. However, since close of navigation, shipments have probably not averaged over 1/2 million bu oats per week, and we believe that Canada is mainly dependent upon lake shipments to get rid of her grain. Navigation should open in about six weeks, and this is important since the grain carriers on the lakes can haul tremendous quantities, and last year they moved a record of 456 million bu out of Ft. William and Port Arthur terminals, which was the high for all time. It seems that box cars in Canada are just as scarce as here, and under the circumstances they are trying to use rail transportation for the hauling of grain from country elevators to the head of the lakes. In this respect, fair progress is being made, and we note that during the week there was an increase of about 2 million bu oats at Ft. William and Port Arthur, and 731,000 bu barley. Wheat has taken a back seat for the reason that the demand from the United States is not expected to be over 35 million bu for the entire year. It is true that to-date 76 million bu has arrived here, but the excess of about 40 million bu will probably be re-exported. Thus Canada may find herself with a fairly large carryover. During the past week, including about 1/2 million bu that was sent to the United States, total shipments were only 3 million bu, and in the thirty weeks since August 1st, there has been 141 million bu Canadian wheat shipped from that country. This compares with about 180 million bu a year ago.

As for our own export situation, we have shipped since July 1st, or in thirty-four weeks, about 76 1/2 million bu wheat and flour. There is still available for export and next carryover 437 million bu after making allowance for domestic utilization of 880 million bu. Thus we, too, are faced with a fairly large reserve stock next July.

We have further State reports this morning, Nebraska claiming that winter wheat and rye are progressing favorably. The supply of moisture in eastern Nebraska furnishes a favorable outlook for spring small grain crops, alfalfa, and pastures. A resume by the Santa Fe Railway reads like a fair tale. Covering nearly every important grain-producing center, they describe the condition of wheat as good or excellent, saying that the situation never was better. Moisture was plentiful and no winter damage of any kind is evident. Therefore, acreage abandonment is bound to be light.

The Southwestern Miller associates the increase in Army purchases of flour with the President's recent trip to Yalta. Mr. Byrnes, the first to return from the Conference, apparently did so for the specific purpose of issuing orders for the movement of great quantities of wheat and flour for civilian feeding just as quickly as facilities for such deliveries could be arranged. If large amounts are to be supplied by the CCC, we can see the possibility of calling some loans before their maturity, although to our knowledge this has never been done. However, it might be necessary to obtain grain at points tributary to shipment because of the transportation difficulties.

Primary receipts of wheat were again small, only 547,000 bu; about one-third as much as last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 361,000 bu.

According to the Kansas City Grain Market Review, the CCC program, announced last October to take over the 1944 wheat under loan on the basis of loan, plus 15¢, less carrying charges and interest, was not scheduled to go into effect until after April 30th. It is now thought that the need to obtain wheat to fill export and feed commitments may bring this program into play somewhat sooner. We believe this was one of the reasons for the strength in today's market. Little attention was paid to the increase of 1 1/2¢ in the flour subsidy. Final prices showed about 1¢ advance for the nearby futures.

Corn and rye were likewise up in sympathy; oats were probably strong on account of the Canadian permit system being annulled, the May future gaining the most ground.

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CHICAGO, 4 March 2, 1945.

When the war started, Britain had a gold reserve of approximately one billion dollars. About two years ago, certain British sources disclosed that these reserves had dwindled to about $35 millions, or about nothing. Furthermore, it was pretty generally felt that her dollar assets in New York or in American bank balances, and also the American securities owned by British subjects had been pretty well liquidated to pay for the war, especially during that period prior to Lend-Lease. However, there is one item very generally overlooked: namely, the vast numbers of American soldiers and quite a few American civilians who are still living somewhere on the British Isles and spending money. True, they are paying for merchandise in pounds and shillings, but these are acquired in exchange for dollars, and just how much money has thus been expended is not officially known. Considering that every individual American soldier or sailor spends a good part of his income while on furlough either at London hotels, restaurants, or shops, and that the dollars thus disbursed do not flow back as reverse Lend-Lease, one can easily imagine that the foreign exchange reserves have grown tremendously. In financial circles in London, it is estimated that from members of the American forces, Britain has gained a new dollar reserve of at least one billion dollars, or an amount equal to the gold reserve she lost earlier in the war. If this is the case, she is almost back to normal and to the all-time high at which she stood in 1939. There may be small additional amounts which the troops of the Dominions stationed in England have spent, but this is probably offset by British expenditures in maintaining garrisons in various parts of the world. In any case, Britain should be able to buy goods in the United States and elsewhere when the war ends to the extent of her new accumulation of dollar exchange, without being obliged to immediately balance imports through additional exports. This is quite significant, at least for the transition period, when many economic problems are bound to arise. Certainly in the early post-war era, many raw materials will be needed.

When our market opened this morning, the carryover feeling from yesterday was slightly bullish. The CCC has not made any direct announcements as to a change in the loan policy, but there is conversation in northwestern markets that the CCC is planning to move wheat to Gulf, to Pacific ports, and to Duluth, and that they may already have acquired some wheat on the Pacific Coast after paying 15¢ over the loan less charges. This was all wheat that producers still held under loan. Others thought that farmers in the four Northwestern States who still have wheat impounded might be asked to release it at the loan price plus the 15¢ less interest and storage charges to June 30th. If this is done, it is apparently with the idea of augmenting government stocks in order to take care of export commitments. One well-informed source believes that there are preparations to move about 11 million bu wheat to the Gulf, and an additional 9 million bu to Atlantic ports, presumably for relief distribution in the liberated areas; undoubtedly priorities on cars will also be granted for this movement, which will further complicate a tight situation already existing.

Primary receipts of wheat were againlight, amounting to only 583,000 bu compared with 960,000 bu last week, and 2,121,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 481,000 bu. We shall probably have a reasonably large decrease in the visible supply on Monday, which will compare with an actual increase a year ago of 1,142,000 bu.

Almost everything resolves itself around the car shortage. However, the uncertainty as to loan redemptions, with the government apparently embarking on a larger export trade, has imparted great strengt to the nearby positions, which in turn also influenced new-crop futures With practically no pressure from any source, and with some local buying, the line of least resistance was on the constructive side of the market, last prices showing advances of 1/4 to 1 1/2¢ per bu.

There was likewise buying in oats, corn, and rye, together with short covering, so that the undertone was very firm; other factors were more or less overlooked, although crop and weather data remain highly favorable. Also it is claimed that farmers are anxious to sell corn, sorghums, and wheat, but elevators are full, and there is apparently no relief in sight from the congested condition. Farmers are even finding it difficult to get cars for the shipment of their hay.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 5, 1945.

All well informed people admit that food demands for military use are at a record high, with no sign that the Army will take a side-seat. Likewise, the shipping situation is tigher than at any time, and is likely to continue quite bad even if the German war ends. The military is raising its sights all along the line, for reasons that mystify even high officials who are charged with meeting these requirements. Late Saturday it became known that in order to avert food riots or civilian strife in the liberated countries, much larger shipments of wheat would be necessary than had been made heretofore. After the close of the market, our conversations with Washington indicated that as much as 75 to 100 million bu wheat might be required during the next three months, and this in turn would have to be moved from interior points to the seaboard. Apparently some of these views have been modified over the week-end, and ODT must have made very strenuous objections to the Army authorities on the quantities that they were considering for quick shipment. Even if a shuttle service were resorted to, the number of cars tied up would practically eliminate all other transportation, including war essentials, which in the long run would be equally disastrous over here. Under the circumstances, we believe that the program may be reduced to 40 million bu. This quantity of wheat would be shipped within the next three months. However, it is still a very important project, even though it is about half as much as had first been indicated for relief.

We also heard that about 20 million bu was to be piled up at the seaboard in the event that emergency shipments later became necessary; so from a statistical point of view, one must revise estimates on the probable carryover next July. Even assuming that the maximum figures are correct, we should still have more wheat in our reserves than a year ago; so the real problem is one of transportation more than anything else. Temporarily, of course, it affected May wheat first, as supplies here in Chicago are small, and if cars remain scarce, it may be difficult to get larger quantities here for delivery purposes. Other grains sympathized, but in oats the question is more debatable for the reason that when lake navigation opens, large quantities may come here from Canada and could be shipped from here only by water in competition with other Canadian imports at eastern destinations. Shortage of cars is not necessarily bullish in the final analysis, as it will unquestionably restrict consumption, but for the time being it affects the supplies at terminal markets, and thus shorts have been the first to become scared.

War news continued good, with our Armies in Germany at the River Rhine, only checked by the Nazi destruction of their bridges, which temporarily adds to our problem. However, it is generally recognized that continued German resistance is senseless, that the German position is without hope, and that war, if continued, only adds to post-war problems of adjustment, which are already stupendous.

Primary receipts of wheat today amounted to 911,000 bu compared with 831,000 bu last week, and 3,209,000 bu last year. When the visible supply was posted it showed a decrease of nearly 4 million bu, and total stocks in all positions are 99 million bu, or practically 3 million bu smaller than a year ago. Of course, with the government ordering tremendous quantities of wheat out of various terminal markets, this is bound to change everything, particularly since current stories are to the effect that there will be a heavy movement every month through August. Finally this will make a dent in the Canadian export program, and likewise, will prevent normal traffic to merchandisers, processors, etc., with probably some mills finally forced to close their doors. Chicago stocks of wheat this week declined 162,000 bu, leaving 3 1/2 million bu; and 902,000 bu of bonded wheat. Chicago rye stocks decreased only 25,000 bu, still leaving 8 million bu here. Possibly those taking deliveries next May will find the only outlet by water, and at these prices exports may prove quite difficult, particularly if the wheat is given away under lend-lease.

Markets were all very strong, May wheat taking the lead, but shorts in rye covered, and there was also buying in corn. The actual demand for corn shipment to the outside continues excellent, and sales are being made in some instances as far ahead as the new crop. We believe that after lake navigation opens, oats will move to this market, but whether there will be an eastern demand in competition with other Canadian imports is a question. Therefore, this cereal is somewhat debatable at present levels, and we cannot see the future very clearly.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 6, 1945.

There can be no doubt that the food requirements from the European angle must appear enormous; and the chances are that every time General Eisenhower captures 10,000 prisoners, he thinks in terms of that many more mouths to feed. Likewise, the same holds true for the liberated areas, and even the civilian population of France. In the words of the London Economist, "The Bank of France is rich in gold but France is starving. The most urgent needs are not financial, but economic and psychological. There is a shortage of raw materials of all kinds, industry is limping and in the land of good fare the people are hungry. At the root of all the difficulties are shortages of transport. France needs locomotives, lorries and tires almost more than the goods to carry. With its transport-nerves cut, the country lies like a paralyzed body, struggling to make the limbs respond to the will." There are varying stories as to the quantities of wheat which will be exported by our government for relief purposes. Apparently the Army has a program of moving about 18 million bu wheat into export this month; 28 million in April, and 34 million bu in May. In addition to this, they would like to have considerable quantities of wheat on the Atlantic Coast and at the Gulf ports for emergency requirements, although space for the latter is limited, and this entails difficulties.

The trade is trying to analyze what this all means in terms of price. Probably not a single bushel of wheat will have to be bought by any of the governmental agencies. It is assumed that the CCC already owns 75 million bu, besides which there is 162 million bu still under loans, which could be called prior to April 30th if needed. Therefore, there are no hedges to be covered in these transactions, no private stocks interfered with, but at the same time, certain quantities which would normally be redeemed by producers will not be pressing on the market; so from that point of view private agencies and the industries in general will have to content themselves with the balance of supplies on hand. The main problem and the main consideration is that of transport. With such vast quantities being shipped from interior points to the seaboard, it will tie up cars for an indefinite period. This will mean that only smaller quantities can come forward from country points, and even this movement will be limited. For the time being markets have advanced quite rapidly, and the real pinch may not be felt until we come closer to delivery date, but with only 3 1/2 million bu in Chicago and no chance of replenishing stocks on a broad scale, it appears to us as though the tightness would gradually become more apparent. One big "if" comes into the hypothetical equation, and that, of course, would change everything: namely, "If the war should end." It would naturally release many box cars that are now transporting war materials of many sorts to eastern destinations. This factor, of course, bring caution to traders, particularly for the deferred deliveries, which are again in a different category, as new wheat could move in great volume if the European war ended in time, in which case even large requirements from abroad would have less market influence.

Primary receipts of wheat were again small, even for this time of the year; amounting to 541,000 bu compared with 596,000 bu last week, and 2,442,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 183,000 bu.

For a time there was some hesitation, probably the result of profit-taking, and this is to be expected, but there was never much inherent weakness. With such large figures being discussed for the export program, we feel that May wheat is very apt to go to the ceiling, largely because of transportation difficulties; and not any real scarcity. The deferred months lagged to some degree, but when May wheat became strong the whole market turned.

Rye had been weak for a time, but was bolstered by the action of the leading cereal, and even oats recovered some ground. The latter commodity may be influenced later on by imports from Canada, and once the oats come here the problem will be to get them into consumptive channels. They are apt to meet competition in the East from direct Canadian shipments, while rail transportation will become increasingly difficult as the government uses more cars for its own purposes.

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CHICAGO MERCANTILE EX

CHICAGO, 4 March 7, 1945.

The ruins of Pompeii must seem insignificant to the rubble at Cologne, as the Allied forces have taken over Germany's fourth largest urban center. Standing as this city did on the Rhine River, one is reminded that for centuries the German national anthem has been "Die Wacht am Rhein," translated, "The Watch on the Rhine," and it was due to this mighty natural resource that her sovereignty had felt protected for so many years. Prime Minister Churchill, touring the Western Front in Germany, told troops in the northern Rhine sector that "soon the enemy will be driven across the Rhine and anyone can see one strong heave will win the war."

It was unquestionably this highly optimistic news which influenced our market early today, and by the very sound reasoning prompting the action of traders that if the war in Europe ended soon, likewise, transport would be greatly relieved, especially since much less traffic in war essentials would be necessary. At the moment, there is not much improvement anywhere. Loadings are rather small at most terminal markets, and from the first indications, the CCC will not get priorities, and apparently ODT is not in a mood to compromise on this issue for the reason that there are thousands of civilian problems which also bear heavily on our economic life. Probably as important as any other feature is the quality of the corn, which might easily deteriorate if warm weather sets in, and it could not be moved into better facilities for drying purposes. In any case, the immediate situation is tight. March wheat in Chicago sold at the limit permitted by OPA: namely 177 3/8, or a premium of about 7¢ per bu over May at the time the transaction took place. This indicates that buyers are as anxious as ever for supplies, or at least for grain that is easily accessible.

Nobody is very pessimistic even with the large export movement as to the final results, particularly with the fine prospects of the winter wheat crop. The government weekly data is again very encouraging, claims being made that the plant is greening throughout Indiana and Illinois and that it is growing well as far North as West Virginia, as a result of unusually mild temperatures. Since this information was compiled, colder weather has set in, but with no severe thermometer readings, and we doubt whether any consequent damage has occurred. They further state that in most sections of the country, wheat is in good condition and that good progress has been noted. Only in Oklahoma progress seems poorer than is normally expected at this time of year as a result of cold wet weather in that area. The deferred months were subject to a little pressure, and while there was no heavy amount of selling, there very likely was some July and September sold against holdings of May, on the theory that the differences would widen still further. In the event that hostilities in Europe are ended before summer, transportation would unquestionably improve, and, therefore, the deferred months are in an entirely different category from May wheat, with time still of the essence, and no great promise of getting supplies here for delivery purposes unless great changes come quickly.

Primary receipts of wheat today were 577,000 bu compared with 433,000 bu last week, and 1,487,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 248,000 bu

There was some weakness early, but late in the session, despite very heavy bookings of corn, one elevator concern was a big buyer of futures , and the feeling seems to be that with cash corn bringing ceiling prices that the May delivery is still comparatively cheap, provided there is no change in the situation in the next two months. In any case, it took only small buying orders in May wheat to rally prices, and this strength also had its influence on the deferred months, which had been quite weak early, but which recovered partially in the last hour of trade.

It was reported yesterday that a charter had been made for a cargo of rye to Buffalo. We are unable to confirm whether the permit was granted, but it may be that the holders are attempting to make shipment to ports outside of the United States which would reduce Chicago stocks from the 8 Million bu mark of recent weeks. It seems that normal demands are rather light, and in order to maintain a premium for May over other months possibly shifting of stocks may be necessary to attract new buyers.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 8, 1945

There was little grain news over night, and most poeple were expecting a rather indifferent opening, but for some reason or other Minneapolis prices started very much higher, and within the first few minutes of trading, there was an advance of 2 1/2¢ for Minneapolis May wheat, with the result that everything at Chicago responded almost immediately. We tried to find out what had occasioned the upturn there, but were told that the flour business was rather light; country purchases also were moderate. There was talk, however, of the government program for exports, and we believe that this has been a factor for some time now and one that can never be forgotten, particularly while the car shortage is so acute. The chances are that all of the markets, such as Minneapolis, Kansas City, and Chicago, will be influenced by rather light deliveries when May futures mature, and in the meantime, there is not apt to be much pressure from the country, as a good deal of wheat which farmers might have liquidated on their loans is now being turned over for government account. Thus the situation has changed very materially since this program for relief was first initiated. The surprising feature, however, was the strength of the deferred month but yet it must be borne in mind that anyone who has sold July or September wheat either did so against holdings of May or else these were outright short sales, as we doubt whether there is very much cash wheat hedged in new crop deliveries. Nobody could feel very safe in selling July wheat at present discounts against wheat held in an elevator, particularly where the cash wheat probably is bringing the ceiling, and since there are undoubtedly a good many shorts in the more distant months, it is quite natural that every once in a while a covering movement has more than the usual influence, because it will be several months yet before hedges will come into the pit based on new crop developments.

Consequently, our markets are rather uncertain, and statistics have very little influence. We note that since August 1st, there has been 77 million bu wheat sent from Canada to the United States. Some of this has already been re-exported; the balance is bound to go out if we are going to live up to an agreement that only 35 million bu should remain here for feeding purposes. However, it will be several weeks yet before Canadian wheat in large quantity can be offered to Europe, although navigation may open earlier this year, as there is less ice on the lakes, and at Duluth the freeze is said to extend only eleven inches down. According to a news item, a Coast Guard cutter is now engaged in breaking operations at that port. In thirty-five weeks, or since July 1st, our exports of wheat and flour have amounted to 78 1/2 million bu. On that basis, we figure there is still available for export and carryover about 435 million bu, after making due allowance for home needs; but we can no longer figure our final carryover except by taking into account the big government program which intends to get such tremendous quantities of wheat to the seaboard for ultimate shipment. Some doubt is still being expressed that the maximum figures will be reached, but in any case, we cannot come to any final conclusions until we see how efficiently the railroads will be able to handle traffic from interior points.

Primary receipts today were again small - only 559,000 bu compared with 547,000 bu last week, and 1,925,000 bu last year. Kansas City and Minneapolis stocks sofar this week show a total decrease of 324,000

As we mentioned earlier, there was considerable short covering in the first part of the session due to the strength in Minneapolis, but later on talk of curbing certain speculative transactions had its influence. Likewise the wonderful war news, and with shorts pretty well covered, it was not easy to find new buyers when the market started to break. At the close wheat showed declines of 2 to 2 3/4¢ per bu.

Rye was likewise very weak; it broke about 5¢ per bu from the high point of the day, and oats, which had never been very strong, even when other cereals advanced, showed weakness, declining in sympathy with the general selling and more bearish sentiment was apparent.

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CHICAGO, 4 March 9, 1945.

So much has been heard lately as to the quantities of wheat and flour that the United States would furnish for overseas relief that the Canadian supply position has been almost completely forgotten, and, indeed, some people must be of the opinion that there is not enough wheat in the Dominions to take care of large European import requirements when the war ends. We admit that the more our own country gives away under Lend-Lease or furnishes on credit terms, the less that will be required from Canada, but at the same time; we have our own restrictions, not so much because of grain shortages, but due more to transportation difficulties. We turn once again to Canada's supply of wheat at the beginning of the season, when with a crop of 435 million bu added to a carryover of 355 million bu, the total supply amounted to 790 million bu. Probably by some stretch of the imagination, estimated requirements for home use will amount to 160 million bu, with some small quantities needed for alcohol and large usage for feeding, but this leaves 630 million bu for export and reserve, of which 111 million bu has been shipped as wheat from August to end of January, a figure which we obtained from Dominion sources and is the actual customs exports plus or minus change in stocks of Canadian wheat in store in the United States. In addition to this, the flour exports for the same period amounted to 27.6 million bu, so that all shipments are about 138.5 million bu, still leaving nearly 500 million bu over and above domestic needs. As stated before; we cannot tell how much will be shipped between now and the next crop, but definitely it can be stated that the larger quantities that go from the United States will mean some cutting in actual Canadian clearances.

When our market opened this morning, it was under the influence of certain bearish factors held over from yesterday. It seems that the head of the American Farm Bureau was opposed to legislation revising the parity formula upward. Most people who have the real interest of agriculture at heart must recognize that the longer prices are held artificially high in the post-war era, the worse the situation will finally become. It may take two or three years for European agriculture to recover, and next summer may be particularly trying. Broomhall says that Germany's 1945 grain harvest is likely to be the smallest in history. South Africa announces that the food control and the Department of agriculture are considering a food rationing system for the Union. It has also been reported that very little winter seeding was accomplished in Europe on account of the rains and the early snows, but we are looking a little further ahead, and recognize that agriculture can and will recover, as it did after World War 1; and it may come even more quickly if given seed, machinery, fertilizer, and other help to carry on.

For the time being, our program for heavy movement of grain from interior points to the seaboard must never be forgotten. It will entail the use of railroad cars on a scale never before reached, particularly in competition with requirements of other war essential commodities, as well as the movement in commerce for civilian life. There was heavier country selling of oats than in some time. True, bookings were generally the reflection of higher to-arrive bids with full ceilings and permissible mark-ups paid. Nevertheless, with smaller feeding operations, farmers may be more in a selling mood, particularly if they also realize that the war is nearer an end and our crossings over the Rhine are bringing this factor into clearer understanding.

Primary receipts of wheat continue light, they amounted to only 525,000 bu compared with 563,000 bu last week, and 2,068,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 376,000 bu. When the visible supply of wheat is posted on Monday there will be a fair shrinkage against last year's increase amounting to slightly over 2 million bu.

After early weakness markets showed a better undertone; May wheat recovered partly in sympathy with strength at Minneapolis, but also the knowledge that with these vast government transactions for export that the situation might remain tight. About 1,200 cars are moving daily into the mid-west corn belt to aid in moving corn having a high moisture content. Were it not for this precaution, spoilage might be a big factor, but the ODT Director, Col. N.J. Johnson, declared that this might be stepped up to 1,400 cars a day by the end of the week. Final wheat prices showed advances of 1/4 to 1 1/4¢ per bu. Other grains also recovered from the low points established earlier.

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CHICAGO, 4 March 12, 1945.

While the results of the Yalta discussions have not been fully disclosed, it becomes more apparent daily that our commitments for food must be vast, and it shows rather conclusively that the relief feeding in liberated areas will also become more of a factor as time goes on. In addition to what is contemplated now, there may be Germany China, Burma, etc., and this all explains why Mr. Byrnes rushed back to the United States with the utmost dispatch, in order to start wheat rolling from interior points to the seaboard. It is possible that the government has learned by this time that it is no simple matter once the grain has moved inland to get it back to shipping points without causing great distress to industries in general, not to speak of the shipping difficulties which are already brought about through car shortage. Included in the items that have to be moved quickly are naturally a good many war essentials.

Late Saturday it was announced that the Canadian government had raised the price of mutual aid wheat from $1.25 per bu Canadian funds to $1.46. Nobody know exactly why this step had been so hurriedly taken, but the class of wheat involved is that which Canada sells to Britain and to others, and is priced more cheaply than grain which goes to certain neutrals. The story is unfolding serially and we do not have all the facts yet, but one of the agencies in the East has remarked that the CCC had asked Canada to ship some of her grain for Lend-Lease but that Canada had refused and wanted payment for anything that was cleared. The supposition now is that our government will make purchases up there owing to the fact that it may be easier to get Canadian grain exported than our own, but if the stories circulated are correct, it means that we shall have to pay 21¢ per bu more for this wheat than heretofore, even though it may be destined to Britain or for relief, and it looks as though Canada were taking advantage of the situation to benefit herself. If the surplus remaining in that country were small, we could easily understand why she had taken such action, and there may be other factors that we do not understand; but on basis of the information now at hand, these seem to be the facts.

In the meantime, Washington reports continue that a certain amount of government-owned food is spoiling and that there has been mismanagement and favoritism in certain lines, but these charges have neither been substantiated nor documented, although a complete investigation of WFA's food handling is now under way at the insistence of Mr. Marvin Jones himself. Whenever large corporations are set up by the government, with thousands of employees, there are apt to be leakages of information or other minor scandals, regardless of what precautions are taken by the higher-ups. The fact that so many decisions had to be reached made it necessary to pass the information along to the heads of various departments, and some of these disclosures may very likely have become public property before their issuance had been intended. Thus, certain groups may have obtained data before public announcements could be made, but this is bound to happen so long as the government remains in business. We, ourselves, are not aware of any premature disclosures.

The war news from both fronts continues highly encouraging, and certainly the Rhine bridgehead came sooner than anyone had hoped for. This leads to the conclusion that other larger operations may bring the European war to a close before summer, and from a market point of view, it also has its implications, although for the time being shortage of cars is one of the most important factors, although there are signs of a slight easing.

Primary receipts of wheat were 908,000 bu, or much the same as last week, but compare with 3 million last year. When the visible supply was posted it showed a decrease of 3 1/2 million; the total in all positions is 95 1/2 million bu, or roughly 9 million smaller than a year ago. At Chicago there is about 3 1/2 million bu of wheat left in store, the decrease for the week amounting to 89,000 bu. Additionally there is 700,000 bu of bonded wheat, which gradually seems to be decreasing. The rye visible decreased 150,000 bu, but only 37,000 bu of this was at Chicago, with still more than 8 million left here.

It was not only the May future, but even the deferred deliveries which were in good demand. Shorts became easily scared that if the government moves vast quantities to the seaboard the visible supply will continue to decrease heavily, and some are even afraid that we might not be able to build up a stock of wheat when the new-crop moves unless freight cars become more plentiful. At the last values showed an advance of 5/8 to 2¢ per bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 13, 1945

After the close of the market yesterday, the House voted to continue the Commodity Credit Corporation for an additional two years, and appropriated $5 billion instead of $3 billion, as previously. This legislation was passed with hardly a dissenting vote, only eight Congressmen voting against the measure, and it is almost a foregone conclusion that the Senate will take similar action, although the Bill now goes to Committee for possible minor refinements. The trade construed this in a rather bullish vein. They have seen that through the means of this governmental agency, basic crops have been supported for many years, parity prices have gone higher and higher, and even the basis of the loans has been advanced, so that if a 90% loan were figured at the present time at present parity, it would represent a price of about $1.58 per bu Chicago, or more than twice as much as wheat was selling for when war was declared. Thus, it looks as though we would have further accumulations, barring, of course, exports which might become necessary for relief purposes now, and possibly for a year or two after European hostilities have ended. We figure at the present time that the CCC still has about 75 million bu wheat from previous crops, and making allowance for the quantities which have been redeemed from the 1944 crop, there is about 160 million bu still under government loan. A good part of the latter may finally fall into the hands of the government if these loans are called before maturity or if later defaulted, so that the CCC may be in possession of 200 million bu or more of domestic wheat. In addition to this, it now looks as though they would purchase some Canadian wheat for overseas relief. In other words, they are a big factor in the grain trade-- not only at home, but also as they affect international markets.

In looking at some of the data and statistics from Southern Hemisphere, we find that Argentina has shipped since August 1, 1944, 54 1/2 million bu of wheat, which is little more than the comparable period a year ago, but is still fairly large compared with 70 million bu, the pre-war average. Of course, a good deal of wheat goes to neighboring countries, and is not affected by overseas transportation difficulties.

Australia for the moment is unimportant as an exporter of wheat, and will probably not be a factor until either larger acreages are harvested or better yields are obtained from the present small area sown. The Australian government has proposed to retain a modified form of price-fixing after the war, but they say that other controls will be progressively relaxed.

Moisture conditions in our own country continue highly favorable, Winter wheat is now greening throughout Illinois and Indiana, and is growing well as far North as West Virginia and Kentucky as a result of unusually mild temperatures East of the Mississippi River. In most of the country winter wheat is in good condition, and good progress is noted in the southernmost portion of the belt. This is according to the Weekly Market Review, with only Oklahoma reporting fair progress as a result of continued cold, wet weather. Of course, crops are not made in March and April, and much can still happen, but at least the outlook at this time leaves little to be desired.

Primary receipts of wheat were in keeping with recent figures. They amounted to 567,000 bu today vs. 541,000 bu last week and 2,360,000 bu last year. The car situation is still one of the most important factors. Kansas City and Minneapolis stocks so far this week show a decrease of 171,000 bu.

In view of the overnight news that CCC operations would be extended on even a broader scale than heretofore, there was considerable covering of the new crop futures, and in fact, the deferred months in all pits were generally in greater demand than nearby ones. Nobody can tell what the situation will be next July if the government is in the mood to ship large quantities of wheat, and if empty cars remain in short supply. Thus there has been heavy covering all along the line and sentiment is quite bullish, but with hardly any shorts, any change in news might easily cause at least temporary reactions.

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CHICAGO, 4 March 14, 1945.

There are so many conflicting factors in the grain trade today that it is very difficult to have firm convictions. We are asked on many occasions how we regard the spread between May and July wheat, but it would take Delphi oracle to really forecast with any degree of accuracy what the future holds forth. First of all, there is the question of May wheat, which by itself is most intricate. Today's high price 1.72 3/8 was within about 5¢ of the ceiling; therefore, nobody could feel completely confident on the long side with so little to be gained and the possibility that the greatest war in history might be drawing to a close. Furthermore, if the car situation remains tight, even small deliveries might find unwilling takers for the reason that anyone who receives wheat in store on May tenders might have to wait for weeks or months before getting accommodations for the grain to the desired destination. This was demonstrated to some extent by the demand for March wheat where buyers were rather limited. Ownership in Chicago elevators did not necessarily satisfy milling demands when wheat was wanted at outside points.

Coming now to July wheat, it is even in a more delicate balance for the reason that while the crop prospects are all that could be expected for this season of the year, there is still the growing period ahead, with the plant just beginning to green up in some localities. Moisture thus far has been adequate, but the critical period of growth is still ahead, and we shall not even have a forecast of indicated yield per acre of winter wheat until June 11th. Consequently, much can happen in the meantime. Beyond that is the question whether the crop will be moved in volume during July and August, as is generally the case due to the fact that there are not sufficient freight cars being released even at the present time. Normally, the railroads arrange for a reserve of cars on sidings, so that when the crop moves the farmers are cared for. Here we are in the ninth month of the season unable to get anywhere near the cars that are currently needed, and on top of this the government is making an effort to move tremendous quantities of grain from deep interior points to the seaboard, probably falling short in their attempts. Of course, the end of the war would change a good many situations which now seem critical. We do not deny for a moment that the requirements for European relief would remain heavy. The figures of proposed exports attest to that fact. We can hardly believe by any stretch of imagination that over 50 million bu wheat per year would be needed for our overseas forces. Therefore, talk of 150 to 200 million bu or even more shows that we must have in mind taking care of the liberated areas on a tremendous scale. However, after peace in Europe there would be other railroad traffic to the East which would be relieved, because once hostilities have ended, the requirements for arms, munitions, TNT, and thousands of other items would be relaxed if not entirely abated; This, of course, would simplify the government's export program, and might even permit an overage of cars to take care of routine grain shipments.

Thus, anyone contemplating an arbitrage between May and July must try to reason out for himself the merits or demerits of each individual future, and must likewise consider that July wheat is selling at a premium of about 5 1/2¢ over September, which makes it an attractive sale for farmers if grain could come forward in ample time. We have not yet mentioned the probable loan for next season, although for purposes of discussion, we are assuming a 90% loan, based on about present parity, with the same computation as heretofore.

Primary receipts of wheat, if anything, were slightly smaller, amounting to 471,000 bu compared with 577,000 bu last week, and 2,051,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 367,000 bu.

Wheat prices were more or less firm during most of the session, although at times there was a little profit-taking, but trade on the whole was light. Rain over the Texas Panhandle was apparently quite general, and there were also a few sprinkles in parts of Kansas. Weather in Illinois was fair, and we had a report that farmers around Jacksonville were starting to seed oats. The market paid very little attention to these factors, not even to a statement that the Senate Banking Committee had approved cutting the gold reserve to 25%. This had been more or less expected, although is slightly inflationary. At the close wheat was unchanged to 1/2¢ per bu higher.

Corn was likewise firm, and there was no pressure. Trade in rye was more moderate. There was some indifference, and that market might have been lower had it not been for the firmness of the leading cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 March 15, 1945

France, which is about equal in size to Illinois, Indiana, Michigan, and Ohio, has always been wonderfully productive, and in peacetime was often self-sufficient with respect to foodstuffs, particularly so taking into account what she received from her colonies. The French reconstruction problem will be simple compared with that of many other European countries, as surprisingly little has been destroyed except the means of transportation, and already amazingly much has been restored-- thanks to the help and support of the Americans and British. From reports that are received from our boys overseas, prices in France are extraordinarily high, and, indeed, are soaring, particularly in the larger cities. In Paris, for instance, an egg costs 25 francs, or nominally 50¢ on the present rate of exchange; butter brings six times that amount per pound, and a first-class dinner about the equivalent of $30, but outside of Paris, conditions are not so bad. With about 1,500 billion francs purchasing power available, plus a 30 billion franc monthly deficit, the majority of the population can apparently afford present prices. Those with fixed incomes naturally suffer. The over-all financial picture is not particularly bad, despite this apparent chaotic situation. In London alone French nationals have an estimated $600 million worth of liquid assets, consisting of gold bars, sterling balances, South African gold shares, and other sundry assets. There is at least another $2 1/2 billion worth of liquid assets belonging partly to the government and partly to French individuals held in New York. In addition to this, there are all kinds of international securities owned in outside countries, such as Belgium, Luxembourg, and Monaco. Contrary to rumors, we are reliably informed that the Germans were not able to take away the private gold hoards of the French. As a matter of fact, they did not even take away the private hoards of high-class perfumes and antiques, which are now making their appearance. In short, France emerges as a great international power in the financial field, and in any case, with sufficient money to buy about all she needs, for which she can pay either in cash, in gold, in dollars, or in other foreign currencies. This does not include minor holdings in Switzerland and Spain, which are probably an item, also.

When our market opened this morning, there was little to guide it, although overnight rains in the Southwest were general and copious. There may be some complaints that field work is further delayed, but for wheat it is almost a perfect condition, and must so be regarded. Yesterday's short-covering left fewer nervous traders, and our analysis of May wheat is that for the remaining 5 or 6¢ on the long side of the market, there are several risks which may or may not be worth while assuming. War news continues generally favorable. The car situation shows a slight tendency toward easing. There is more opposition to the heavy exports of foodstuffs except for the armed forces and immediate needs, and even government support-buying is not entirely assured.

Referring to the Bankhead-Brown amendment provision which directs the President to take all lawful action to raise agricultural commodity prices to parity, Mr. Marvin Jones made this statement: "There has been some little difference of opinion as to the meaning of that language, but as I construe it, it leaves pretty broad leeway so that a program may be fitted to the commodity. I do not know what ought to be done on that."

Primary receipts of wheat amounted to 505,000 bu; this compared with 539,000 bu last week, and 1,675,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 598,000 bu.

There was firmness early due to scattered buying orders, but this failed to prevent sharp declines which occurred late in the session. There was a report that the AmericanArmies had reached the six-lane superhighway in Germany, and with practically no shorts the market had a sinking spell, which was not surprising in view of the fact that a good number of eleventh-hour bulls were figuring that May wheat would surely go to the ceiling. This may all occur yet, due to the car shortage and other factors, but today's break should be a warning as to what may occur if the war ends suddenly. For that reason we believe that great caution must be exercised. Final wheat prices showed a decline of 2 to 4¢ per bu.

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CHICAGO, 4 March 16, 1945

In view of recent developments in Canada, and with particular reference to the advance of 21¢ per bu in the price of mutual aid wheat, it might be timely to review statistics, insofar as it is possible. The estimated exports during the week were 3 million bu compared with 6 million bu last year. For the season, which means since August 1st, they have totaled 149 million bu vs. 194 million bu last year. Thus the smaller clearances have placed Canada in a position at present where she has a stock of 481 million bu against 504 million bu in 1944. In other words, having started the crop year with supplies 89 million bu smaller, she has almost caught up. Then, too, we must take into account that 78 million bu wheat has been shipped to the United States, and owing to the fact that we intend to keep only 35 million bu here for feed, some which has not already been re-exported may still be shipped; so the actual Canadian supplies over and above domestic consumption could easily amount to 500 million bu.

Under these circumstances, why was the price of mutual aid wheat advanced so sharply? Obviously not because Canada was afraid of any immediate shortage, and apparently not for the reason that we had surmised: namely, that our purchases for overseas relief would be such a big item. According to information which our friends have given us, there were other considerations. First of all, we should state that the reasons for the increase have not been made public information, but we must go back to September 1943 to diagnose the position of the Canadian Wheat Board. At that time they took over all stocks of wheat in Canada and established a price of $1.25 a bu (Canadian funds) for domestic consumption and mutual aid. This wheat was called "Crown" wheat on the Wheat Board records. Last month, the Board sales for mutual aid and domestic consumption exhausted these stocks. Obviously the Canadian farmer is unwilling to directly subsidize Lend-Lease sales to the extent of 23¢ a bu, and we are told that this fact must have been the main consideration for the change. During the period that mutual aid wheat was being sold for about 25¢ a bu cheaper than other export commitments, we believe that preference was given to Britain, Northern Ireland, Scotland, New Zealand, and Russia. There may have been several other forms of relief, such as UNRRA, American Army and Greek Relief, but this we believe constituted a good part of mutual aid transactions.

As for our own situation, as near as can be told about 81 million bu wheat and flour has cleared during thirty-six weeks of the crop-year. What the results will be between now and July 1st will depend very largely on the rapidity with which grain can be secured at ports of shipment. The present rate of movement is naturally hampered by the car shortage, but in any case the total should be well over the 100-million-bu mark which had been forecast earlier. In spite of it all, our carryover reserve is apt to be quite large, and according to the Department of Agriculture, we should have between 350 and 375 million bu on hand next July. This is a reduction from a figure of 415 million bu that had been considered likely before the recent Army demands were made.

Primary receipts of wheat were again light, only 482,000 bu compared with 525,000 bu last week and 2,133,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 692,000 bu. We expect another fair shrinkage in the visible supply on Monday; last year there was an increase of nearly 3 million bu.

Yesterday's sharp break in the last ten minutes of trade was apparently due largely to technical circumstances. The market had become overbought, and stop-loss selling found insufficient buyers to lend much support. However, in analyzing conditions overnight, many people reasoned that the government program was still the potent influence; cars are short, and with some milling demand apparently to take care of Army business, hedges were lifted. This gave us a rather healthy reaction, and the trade became quickly reassured. However, a sharp break like yesterday does bring to mind that peace overtures or a sudden ending of the war might bring rapid repercussions. Therefore, as May wheat draws closer to the ceiling level again, it calls for caution. Final prices showed advances of 1 1/2 to 2¢ per bu.

Rye was quite strong. It seems that the WFA will be in the market next week, not only for large quantities of flour, but also for rye flour, the equivalent of about 350,000 bu. While this in itself is not very large, it did have a stimulating effect upon sentiment, and the undertone was strong. Trade, however, was only moderately active.

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CHICAGO, 4 March 19, 1945.

Generally at this season of the year, and particularly when the weather is propitious, a good many traders go out in the country to observe crop prospects. Of course, with the gasoline shortage, there has not been much of this in the past few years, but a person can almost sit at home and figure with the moisture we have had, and which the government claims has been generally adequate in most sections that good early growth has been afforded. There are a few reports of wheat yellowing where the ground has been too wet, but if one would have to choose between the two extremes: namely, excess moisture or a drought, it would certainly take little time for decision. In any case, we can summarize the situation by saying that winter wheat has come through the cold months with little damage, and we believe that with yesterday's touch of spring weather, a good many traders felt more or less in the selling mood today, which accounted for the early weakness. One house had May wheat to sell at the opening, and the market declined as much as 1 1/2¢ a bu before any support became evident. We are afraid that there will be more of this type of thing for the reason that there is no real balance wheel to the market at the present time. A good many normal users of the futures market are staying rather close to shore, and, of course, with so much wheat still under the loan, nobody is carrying big supplies. Thus there will probably not be the number of hedges to cover later on, and unless the car situation eases materially there may not be the number of new hedges placed during July and August, although it is far too early to make forecasts of this kind, because the ending of the war in Europe could change all calculations.

In any case, one cannot lose sight of the vast government program for the shipment of flour and wheat to Europe for overseas relief. The figures commonly mentioned at Washington are so enormous that it taxes the imagination, and we are convinced that on all other military purchases, there willbe a good deal of overlapping, with the various agencies competing for foodstuffs, and there is no statistical precedent or justification for knowing exactly how much will be needed in the months ahead.

The Department of Agriculture figures that the supply of wheat available for export in Canada, Argentina, and the United States on January 1st, after making due allowance for domestic consumption and carryover, was in the neighborhood of 800 million bu. This they claimed was more than adequate to meet total foreseeable takings by importing countries even without drawing on the surplus from 1945 production. They purposely left Australia out of the reckoning, for the reason that only a short crop had been harvested, but they are probably figuring that in the early months after the European harvest, the demand will not be as keen as possibly later in the season. In fact, they state that condition of early-sown wheat in Europe is generally satisfactory but that late-sown grain in many countries, including the United Kingdom, is believed to have been reduced owing to exceptional wetness during the seeding season. Unofficial reports indicate that sowings of the USSR were increased. We saw one figure recently that 20 million more acres would be cultivated this year, although there was no indication on the distribution of this land for the various crops to be raised.

Primary receipts of wheat were again light, only 891,000 bu compared with 908,000 bu last week, and 2,784,000 bu last year. It is due to this that our visible supply keeps decreasing quite heavily each week, and there was again a shrinkage of 3,105,000 bu, leaving total stocks in all positions 92,396,000 bu, or roughly 15 million bu less than a year ago. Chicago stocks declined 454,000 bu, leaving less than 3 million bu here. There is, however, 673,000 bu bonded wheat in Chicago. The visible supply of rye decreased 154,000 bu, of which 84,000 bu was at Chicago.

Markets were never very strong; at times rye went contrary to the general trend, and even at the last, it showed a better undertone than did the other cereals. Wheat showed recuperative power at times, but very often when selling orders came into the pit, support was insufficient, and for that reason there were declines of 2¢ per bu or more, although at the last this was pared down to some extent. Still it may be regarded as a rather weak market in face of all artificial factors. While we are unable to confirm it, we believe that there may have been some rye sold to the Belgian government, but if correct it was unquestionably rye which was already near the seaboard.

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CHICAGO, 4 March 20, 1945.

In the ten years just prior to hostilities, the domestic disappearance of wheat averaged 677 million bu, of which 479 million bu was used for food, 117 million bu for feed, and 81 million bu for seed. The war, of course, has changed everything, and as a matter of fact in the first six months of the crop-year, we have consumed almost as much as for a full year in normal times. From last July to January, we consumed 575 million bu as follows: food 282 million bu, feed 177 million bu, seed 58 million bu, and alcohol 58 million bu. In other words, there were two categories that showed the big increase: one was the additional feeding, and the other was the 58 million bu for alcohol, which in peacetime was non-existent. On basis of present prospects, the disappearance from January to the next crop is expected to approximate 399 million bu made up as follows: food 253 million bu, seed 24 million, alcohol 22 million, feed 100 million. On this basis the total consumption for a twelve-month period would be 974 million bu. Previous calculations had made allowance for exports of 100 million bu, or slightly more, but at the present time the program has been stepped-up so tremendously that nobody can tell exactly what will be shipped, as the business will be limited almost entirely by the amount of space obtainable for wheat and flour, and this means not only vessels for overseas shipment, but likewise transportation from interior points, which is greatly handicapped now due to lack of cars. We are already observing that the Chicago stocks of wheat are being reduced materially each week, and there is less than 3 million bu domestic wheat in this market, with little chance of building up supplies while the war lasts. Of this quantity some is feed wheat which will continue to move out, so that the deliverable stocks are quite small. On the other side of the picture, of course, is the situation of a person taking delivery next May and possibly not being able to get cars for thirty to sixty days, which would bring the wheat into competition with new crop. Therefore, it is still very difficult for us to make up our minds as to a proper relationship between May and July wheat.

As mentioned in our letter yesterday, Australia, with a crop of only 50 million bu last season, which may be termed a failure, will not function importantly as an exporter in the months ahead. The government, however, has removed all restrictions in the areas to be planted next season, and preliminary intentions are for a substantial increase in wheat acreage. However, drought conditions still prevail in a number of areas in New South Wales and South Australia, and unless rains are received shortly, the Big Hume Reservoir, which supplies 300 miles of valley between these two States will run dry. The situation is already so bad that livestock in many areas is being hand-fed because of lack of pasturage. It may be interesting to note that there has been no large shortage of bread grain in Russia, and this regardless of the lack of large importations. The Soviet government according to Broomhall is understood to have expressed a wish that the greater part of the tonnage for foodstuffs be reserved for concentrated foods, such as meats and dairy products. This simply shifts the usage of grain to the countries having surpluses. We again call attention to the fact that it requires about seven tons of grain and forage to make a ton of meat, and thus we can easily appreciate that even with smaller animal units on the farms, the disappearance of all grains is still heavy, and the previous figures of wheat needed for feed attest to this fact.

Primary receipts of wheat were a shade better, at 681,000 bu compared with 567,000 bu last week, and 2,360,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 320,000 bu.

Markets at times were weak with the exception of rye. The latter cereal is coming into prominence again owing to the fact that two cargoes have been reported sold to Belgium. This may mean about 500,000 bu and while we do not have the exact details, we suspect that the rye is already at Albany where it can go easily overseas. We would doubt very much whether the rye at Chicago would be in the same demand owing to the fact that transportation is such an important problem. In any case, there was a good deal of rye bought in the pit, and we believe it is well to await future developments to see whether further export business is placed. Wheat recovered a little from early weakness, but there was no great inspiration and no important buying. Final prices showed declines of 3/8 to 1¢ per bu.

Corn and oats were indifferent; trade was only moderate in corn, but fair in oats.

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CHICAGO, 4 March 21, 1945

Before the war, and in fact for several decades, Broomhall would estimate each year European import requirements of wheat, and it was almost uncanny how he was able to forecast with such accuracy what the needs were at the beginning of each season. Of course, he could only do this because of the fact that he was well posted on crop developments, on normal requirements, and likewise, the relationship of grain prices to other articles. There were, to be sure, revisions as the season progressed, but in any case, the trade accepted the figures almost as gospel.

It is with this in mind that we call attention to the last Corn Trade News to reach this country. The figures which were compiled were prior to our heavy commitments undoubtedly made at Yalta, but the over-all picture has probably not changed much. This authority estimated that Canada might furnish 352 million bu, the United States 104 million bu, Argentina 92 million bu, and Australia 40 million bu, or a total of 588 million bu. Apparently allowance was made for the much heavier requirements in liberated areas, because the figures for the previous year totaled only 400 million bu compared with 353 million bu two years, and 368 million bu three years ago. The chances are that with the much enlarged U. S. export program, our shipments during the current season will be much heavier than the 104 million bu tentatively set, but if this is the case, it may mean diminishing clearances from Canada. In any event, it is very largely a question of transportation for North America, and our own view is that it would be simpler to buy some wheat in Canada in order to relieve the shipping strain in our own country, for the reason that our freight cars are so busily engaged hauling other foods, munitions, guns, explosives, and hundreds of other war essentials. We appreciate full well that ceiling prices are being paid almost universally for wheat, and not only for prompt shipment, but also for later delivery. This iq quite understandable, because mills that sell flour want to assure themselves far in advance that they will have supplies on hand, but with the war news so overwhelming, we are not much impressed by this condition, because the sudden termination of hostilities would relieve cars in many industries that are handling war products exclusively.

In recent sessions rye has again become a favorite, and the hope of further exports from this country has led to considerable buying. It is quite true that there is no longer a burdensome stock in the Argentine; in fact, the reduction of the crop estimate wipes out a theoretical surplus that had been feared earlier, and likewise disposes of one of the possible sources of supply for Europe. We believe, however, that most European countries, even though they may have been large users of rye in former days will be quite content with food substitutes, as starving nations do not discriminate when it comes to being fed. They can probably await new crops in North America, particularly since shipping difficulties offer a greater problem for rye than they do for wheat.

Primary receipts of wheat were again very light, only 417,000 bu compared with 471,000 bu last week, and 1,681,000bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 480,000 bu.

When our markets opened they were influenced by lower prices for securities, and the overwhelming war news. Today is the first day of spring, but our spring offensive against Germany has been on for some time. It is claimed that 25 million people in the Reich are now homeless, and Munich, one of the most beautiful cities, is completely without heat, water, light or gas. In fact, people are claimed to be cooking with melted snow. Such conditions suggest that the end is not far away. Meanwhile the car situation is quite critical, but we believe the end of organized resistance could bring rapid changes. At the last wheat prices showed declines of 1/4 to 3/4¢ per bu, with September under the greatest pressure, and influenced by favorable crop conditions and the European situation.

Corn was reasonably weak; there is still a lot of moist corn in the country which should be moved before warm weather sets in.

Rye was quite erratic, but recovered well from early weakness.

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CHICAGO, 4 March 22, 1945.

Because of the numerous discussions at Washington and elsewhere that more food was needed for European relief, UNRRA lifted the curtain on the role the United States would play as our part of the war effort. Apparently our contribution is to be 42% of the total, and included in these requirements will be canned meat, tons of meat and fats. We believe that Mr. Marvin Jones stated our position well when recently he referred to certain basic facts that should be remembered. First, production in this country has continued and is now at record levels; second, that the farmers of America, despite handicaps of war, have produced substantially more food in each of the war years than they did in peacetime. Also, he stated that there was still a good supply of food in the country even though certain items, such as meats, lards, fats, and sugar were less than the over-all requirements. He referred to the increased demand of our armed forces, which were necessarily growing, and called attention to the fact that only because of the food that we were able to furnish the Russians and our fighting allies were they able to carry on as they have in their military operations. This, he said, served them but it served us as well.

Of particular importance now are the relief needs, especially in the wake of battle that must be met, and already we have found increased demands, with the government attempting to ship large quantities of wheat to the seaboard. Additionally, there was reported overnight that about 1 3/4 million bu rye which had been at Albany was sold to the CCC apparently for export to Belgium. Food conditions in the Low Countries have been so bad that every effort has been made recently to ship both feeds and foodstuffs. From a market point of view, the sale at Albany is not too important for the reason that grain in the East seldom is shipped back to Chicago. Secondly, it is not included in the visible supply, and lastly, the hedges had already been removed. However, there apparently are further large quantities that were sold from Chicago, undoubtedly also to the CCC, but whether those supplies are destined to Belgium or to Russia, whether the transaction is under Lend-Lease or for UNRRA, we have been unable to determine.

In any case, it was a foregone conclusion that even though the hedges had probably been lifted previously, the trade would accept this news in a rather bullish vein. Therefore, opening prices were considerably higher, and this likewise furnished little surprise. The next important factor is whether there will be further business, in which case it would become increasingly important for the reason that any heavy drain on Chicago stocks might tighten our market considerably. The fluctuations in rye have been quite erratic for some time. There was only 25 million bu raised last summer, and while the carryover was reasonably large, one can easily see that either added home consumption or exports of 4 to 5 million bu are quite an item in comparison with the supply at terminal markets. Thus, it has not been a simple matter to forecast price trends, and even now there appear to be great uncertainties.

Crop news continues good. The Kansas Weekly Report claims that winter wheat is making very rapid growth and excellent pasture is available to stockmen in western parts of the State.

Primary receipts of wheat were slightly better, and amounted to 663,000 bu compared with 505,000 bu last week, and 2,043,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 645,000 bu.

The main feature today was the strength in rye occasioned by larger exports than had been talked of in recent sessions; likewise, there was short covering, for the reason that others are fearful that there may be further business along the same lines. Apparently it will not be transacted on basis of price, but other factors are playing a more important part, probably the facilities to ship, and the amount of work involved getting it from here to the seaboard. In any case, the market is difficult to gage, and after new investment buying had taken place and shorts covered reactions set in, but the close still showed fair strength compared with the previous session. Wheat was rather narrow, and at one time on only moderate quantities of September covered in the pit, the price ran up nearly 1¢ per bu, indicating how light trade is. We believe the advances of 1/2 to 3/4¢ per bu, were mostly brought about because of the rye strength.

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CHICAGO, 4 March 23, 1945.

A few days ago both the Senate and House formally proposed an investigation of food shortages, supplies, distribution, and commitments. We had hoped that the President would throw some light on this subject at his press conference today, but as we understand it, his remarks will be delayed for a week. In the meantime, it must be remembered that the situation is extremely complicated. The allocation of 1,381,000,000 pounds of meat for military use in the second quarter of the year is 4% greater than the allocation for the first quarter. The Army today is required to feed approximately 2,150,000 persons, in addition to U. S. military personnel, which also represents a substantially higher number than at this time last year. In addition to its own forces the War Department must provide rations for civilians working for the Army overseas, prisoners of war, certain elements of the Allied armies, including the Filipinos, the Free French, and the Italian Army, plus Italian service units serving with the U. S. Army. Furthermore, the Army has no stocks beyond working inventories for meeting these increased demands. We understand that just recently prisoners of war were faced with an adjustment of their menus to provide meat substitutes and reduce the amount of meat required for their feeding. This was recently announced by the War Department, and very likely explains the increased usage of grains, principally wheat. However, there is no change in the individual meat ration allotted for the Armed forces of the United States.

It is also interesting to note that while the civilian population is probably eating almost as much meat as in peacetime, the distribution is quite different, and the chief sufferers, if any, have been city folks, owing to the fact that nearly half the total civilian meat supply at present is non-federally inspected. Of course, no meat except federally-inspected may be sold across State lines, with the result that relatively large supplies are obtainable in the surplus producing areas, and, indeed, we have many reports from country points that the population there is eating well, while at the same time acute shortages are felt elsewhere. The government is now considering a new plan of distribution, which it is hoped will alleviate this situation.

When our market opened this morning, there was not much to guide it. Everyone was asking the question whether further export business in rye had been reported. It was difficult to check it from transactions in the pit. There were a number of commission houses on the buying side, but this was presumed to be routine business, both covering short commitments and investment buying. Therefore, it may be sometime yet before the picture will become clearer. On the assumption that 3 million bu rye has been sold to Belgium and that about half this quantity is to be taken from Chicago stocks, it still leaves a fairly comfortable margin in the event that holders who have carried these supplies for years are hedged and may place the rye back into consumptive channels. Judging from the recent buying, we have reason to believe that a good deal of the cash rye in Chicago has been hedged, in view of the fact that as the export business took place futures were lifted. It is, therefore, possible that if the CCC does not engage in further transactions, fairly good deliveries may take place. Of course, there is no certainty about it, and if the European needs are of such importance that more rye is purchased, we might encounter a rather tight position with respect to futures. Thus, it remains an extremely delicate situation.

Primary receipts of wheat were about in line with the recent movement, amounting to 588,000 bu compared with 480,000 last week, and 2,154,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 815,000 bu. We shall undoubtedly have another shrinkage in the visible supply on Monday, and it will compare with an increase of 1 1/2 million bu last year.

For some reason or other wheat was in poor demand, and support only came after fractional declines. The car situation shows no improvement whatsoever, but the war news is highly optimistic, and when peace comes we think that everything will be quickly altered. Even May wheat reacted as much as other futures, and at the close there were declines of 7/8 to 1¢ per bu. Yesterday's wheat volume was less than 5 million bu, while trade in rye was 17 million bu, showing the relative interest in the latter. We believe today's volume was somewhat smaller. A good many shorts in rye must have covered yesterday, yet the undertone was reasonably firm.

In oats and in corn there was some selling by northwest interests. There was no particular issue, but yet buyers were somewhat discouraged, and there were moderate losses.

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CHICAGO MERCANTILE EX.

March 26, 1945.

Anyone who has been reading the newspapers during the last three or four days, or who has been studying reports coming over the radio, must agree that the German Army is disintegrating. Whether this means peace within a week or within three months nobody can be sure; but, nevertheless, post-war problems are drawing closer all the time, and one thing is certain now --that the demands for foodstuffs for liberated countries may become overwhelming. We believe it was General Eisenhower who a few days ago made the statement that malnutrition is so prevalent that there is great reason for alarm. The condition amongst Dutch citizens is almost desperate, with nearly 4 million said to be starving. The British Secretary of War states that Holland is in desperate straits and can do little to help herself when liberated. In Germany millions of displaced persons will look to the Allies for food, and this all accounts for the tremendous program that the government has under contemplation, hampered only by the ability to get cars in order to make grains available at the seaboard.

When our market opened this morning, wheat was barely steady. It was influenced by liquidating orders in oats, where the price was 1 to 1 1/2¢ per bu lower, and nobody could account for the selling, but at least it shows what might take place when the peace comes and when the uncertainties will still be momentous. Everyone was bullish when war was declared, and with prices now at rather high levels, we are sure that sentiment will be reasonably bearish on announcement of peace, although government exports and the loan program, in addition to European needs may finally cushion the market, regardless of what the first effects may be.

According to Broomhall, it is anticipated that "from now on it ia anticipated that emergency stocks of foodstuffs in Great Britain will be called upon, as it has been approved that limited emergency supplies should be made available to the devastated district of France, Belgium, luxembourg, the Netherlands, and Norway." There, too, the question of shipping is important, and nobody can state with any degree of accuracy how quickly the supplies can be distributed, but we do know that the requirements will be large. Whether or not they have been overestimated is anybody's guess. Despite the fact that the government program calls for tremendous quantities to be shipped to the seaboard, there is still loan wheat gradually being liquidated. The total redemptions to date are 27 3/4 million bu, leaving only 155 1/2 million bu frozen from the 1944 crop. It is too early to make forecasts for the 1945 crop-season, but the government tells us that if the prospective spring wheat acreage is realized and the yields per planted acre will approximate those for 1937-42, a spring wheat crop of 241 million bu is likely. Combining this with a winter wheat crop of 762 million bu, (this being the estimate of last December) there would be slightly over the billion-bu mark for all wheat, but nevertheless, would be 7% smaller than the record crop of last year, but still would be the nation's third largest wheat crop.

Primary receipts of wheat today were still moderately small for a Monday, amounting to 865,000 bu compared with 891,000 bu last week, and 2,685,000 bu last year. With this situation, it is not surprising that the visible supply for the week showed such a big decrease, which was 4 1/4 million bu; a year ago there was actually an increase of 1 1/2 million bu. At the present time total stocks in all positions are 21 million bu smaller than a year ago. Chicago stocks decreased an additional 300,000 bu, which leaves 2,656,000 bu here, in addition to 440,000 bu of bonded wheat.This, together with a small movement, is rather bullish on May wheat, particularly if the car shortage continues, and the premium between May and July wheat was about as wide today as at any time. Of course, there are certain channels in which our consumption must be smaller; CCC sales of feed wheat during the current fiscal year have totaled only 125 million bu as contrasted with 321 million bu for corresponding period a year ago. There is no doubt but that there is plenty of wheat in the country, but the task is to get it to terminal markets first, and likewise the job of moving supplies to the seaboard for the government in connection with overseas relief. Final prices were 1/4¢ higher to 3/4¢ per bu lower.

Rye was reasonably weak early, although the May future held relatively firm. The market rallied, however, and with the large open interest it is not easy to have very firm convictions.

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CHICAGO, 4 March 27, 1945.

The Crop Production Report, issued by the government a week ago today, showed no great surprises, but on the other hand revealed some very interesting facts. The purpose of giving this data in March is to assit growers in making such further changes in their acreage plans as many appear desirable. In other words, the weather and various other factors may finally bring about different results than are indicated early in the season, but certain determinations are possible from the preliminary studies. For example, it is stated that with livestock numbers significantly lower than a year ago and large stocks of the 1944 food crops still on farms, the demand for corn has been eased considerably. This apparently is the reason for an indicated acreage reduction of about three million acres from the 1944 crop, but yet is about 800,000 acres more than the average for the ten years, 1934-43. On the other hand, hybrids seem certain to continue in popularity, and past experience has been so favorable that with ample hybrid seed, it is almost a foregone conclusion that the lower yielding types of seed will gradually diminish. More than 57% of the 1944 average was planted to hybrids, and the government figures that the proportions will be higher this season. In oats, a record-breaking acreage appears in prospect for 1945. If actually borne out, it will be 8% larger than 1944 and 14% higher than the ten-year average. Of course, it is too early to come to definite conclusions as to the possible size of the crop, but the Department of Agriculture figures that a yield of 1,358 million bu is possible if the plant condition comes up to the average of 1940-44. This would be about 1/6th more than last year, and more than one-fourth above the ten-year period 1934-43. All in all, weather permitting, and if farmers carry out their plans as now reported, agriculture faces the growing season with great optimism.

It is well that this is the case. We shall have a good demand for our surpluses, and foodstuffs are matters of public discussion almost daily, for the reason that certain shortages have appeared, although these are mainly confined to pork, sugar, and fats. The military demands have been skyrocketing in recent weeks, and with the number of prisoners now being captured in Europe, this is fully understandable. Also, there will be civilians to feed in liberated areas, and on top of that a French Army from 1 to 2 million men, a Filipino Army is to be created which must be fed and clothed; likewise a Chinese Army of some size is to be organized, and this is all in addition to supplying our own armed forces, consisting of about 12 1/4 million persons, not to mention the amounts necessary for Lend-Lease. This seems to be a rather large order, and yet with the surpluses of grain existing in this country and elsewhere, the pinch should not prove too great. Even now, it would be less discussed if the question of transportation were not so serious.

Primary receipts of wheat were somewhat larger, amounting to 721,000 bu; this compared with 681,000 bu last week, and 3,065,000 bu last year. Kansas City and Minneapolis stocks so far this week showed a total decrease of 320,000 bu.

At one time there was considerable weakness in all pits; apparently the President cautioned cabinet members and others closely connected with war work to stick close to their posts. This was construed as meaning that important developments would be announced within a short space of time, but evidently it was only intended as a precautionary measure. Allied forces are rushing across Germany using the super-highways constructed by the Nazis. At one point we are within 225 miles of Berlin. From General Eisenhower's headquarters it was announced that the German army was beaten, but he cautioned against over-enthusiasm as the task on the northern end of the Western Front might still present great difficulties. In any event, markets behaved well in the face of these reports, and rumors. Fairly good recoveries took place, and at the last wheat advanced 1/4 to 1/2¢ per bu. Prices at Minneapolis held comparatively firm, and there must be some army flour business being put through daily. The open interest at Minneapolis is only about 2 million bu for the May future, so that small transactions have more than the usual effect.

Rye, oats, and corn showed rallying power from the low quotations, but it is quite apparent that the end of the war will be construed bearish just as the start of hostilities was the beginning of a bull market.

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CHICAGO, 4 March 28, 1945.

It is rather difficult to judge how the export business will be conducted when the peace actually comes. In the past the private trade was able to do a very good job in selling our surplus wheat to Europe and to other countries, and with the exception of a few years when there were subsidies, everything had to be sold on a competitive basis. At the beginning of the present century, average world shipments were 425 million bu, of which the United States shipped about half. In the six or seven years prior to the outbreak of World War 1, import requirements had risen to about 650 million bu, at which time we were furnishing about 142 million bu, or 22% of the total. During World War 1, clearances fell to about 522 million bu, despite the fact that there were big demands made by countries, such as France, Italy, etc., and our proportion rose to about 41%, as during that period we were clearing about 216 million bu each year on the average. The situation with respect to our percentage of shipments continued until about 1922 but dropped off sharply as the result of high prices, which enabled Argentina and Australia to increase their production so materially that we actually became a secondary factor. Canada during this latter period was shipping about four times as much as in the pre-war era and Argentina had about doubled her exports. Nevertheless, there were four or five successive drought years when our surplus was negligible, and it was a fortunate circumstance that the other countries were in position to take care of European requirements.

At present Canada is the most important factor, but her recent business has changed, and no one can be sure as to which countries will function most importantly as importers in the period ahead. For example, we find that various shifts have taken place in recent years' shipments as compared with the crop-year 1939-40, and we list below the ones that are most outstanding:

	CANADIAN SHIPMENTS 1943-44	1939-40
Gr.Britain & N. Ireland	112,742,897 bu	132,573,620 bu.
Denmark	-	2,789,596
France	286,268	1,110,497
" Colonies	3,345,665	143,829
Germany	-	292,444
Greece	6,936,133	261,305
Netherland & Colonies	119,632	9,669,855
Italy	2,773,508	46,394
Channel Isles & Cypress	1,575,635	135,307
Portugal	6,771,995	712,063
Russia	11,225,817	-
Egypt	15,049,307	19,752
Japan	-	379,782

Formerly Britain took about 40% of all European imports, but it is apparent that in the next few years demands for relief purposes will be so great in other countries that this percentage is likely to change. Of course, the above figures are only for Canada and do not represent the over-all picture, but it is interesting to see how the war has altered the destination of Manitoba wheat.

Primary receipts of wheat dropped back to less than one-half million bu; this compared with 417,000 bu last week, and 1,979,000 bu last year. Kansas City and Minneapolis stocks so far this week showed a total decrease of 542,000 bu.

Latest advices from Washington indicate that army flour buying will require 4 million sacks per month for the next twelve months. This together with the car shortage is having a rather steadying effect, particularly on May wheat, and at the last prices showed an advance of 1/8 to 5/8¢ per bu.

Just before the opening this morning it was announced by one of the New York agencies that a charter had been made to take 300,000 bu of rye from here to an eastern destination. This gave us great strength in rye, particularly at the opening, and also affected other grains. However, the general tone was calmer, and there were none of the rumors such as we experienced yesterday.

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CHICAGO, 4 March 29, 1945.

While the spring season officially starts on March 21st, we often have a good deal of snow and ice, or frozen ground in the Northwest far beyond that date. The current season, however, is one of the earliest we can remember, and accordingly some of the first crop reports are beginning to come in. Most of our friends tell us that throughout the spring wheat districts soil moisture conditions are more uniformly favorable than in recent years. About the only exceptions are a few rather dry points in northwest North Dakota, and some stations in the central Red River Valley where there has been too much moisture. Wheat seeding is reported in practically all districts, and has become general in South Dakota and southern Minnesota. Rains over the last weekend ranged nearly up to one inch, and were quite general. In fact most stations report soil moisture more favorable than last year.

Almost all of the elevators in the Northwest are blocked, and very few of them are getting enough cars. Some are trying to use gondolas, but even those are hardly available in sufficient number. Furthermore, there is the risk of the grain getting wet if it has to travel a long journey. Of course, if the war in Europe comes to an end suddenly there might be some relief from the car shortage, but present plans are to push the Pacific war with everything we have, and that will also mean tremendous shipments to the Coast where the distances are greater, and consequently it willtake longer to get those cars back into the grain belt. All in all, it looks as though there would be many difficulties for sometime to come, and particularly when the new crop moves in the Southwest and farmers become anxious to get their grain to market. In most years the railroads make an effort to get some of the empty cars on sidings just prior to harvest time in order to take care of the first movement of grain, but it looks very much, with the heavy government commitments, as though it would be impossible to do it this year. Therefore, the question of transportation will probably be a problem for a good many months yet.

For 34 weeks, from August 31st to March 23rd, the estimated Canadian exports have totaled 160 million bu as compared with 207 million for comparable period of last year. Exports for the past week totaled 5 million bu, against 7 million bu a year ago. This would indicate that Canada has now available for export and carryover 470 million bu versus 490 million in 1944, although supplies at thestart of the present crop season were approximately 90 million bu less than for the 1943-44 season. Last year for the final 18 weeks of their crop season exports averaged about 7 1/2 million bu per week. It was reported that the Canadian export sales yesterday were upwards of 1 1/2 million bu, of which the United Kingdom took about 200,000 bu, and 500,000 bu were purchased for the account of French missions, and the remainder was taken by the UNRRA for relief purposes in liberated countries. To the best of our knowledge this is the first purchase of Canadian wheat reported by this organization. According to Sanford Evans, for 38 weeks, up to and including March 23rd, the United States has exported 85,600,000 bu of wheat and flour. Primary receipts of wheat today totaled 535,000 bu as compared with 663,000 bu a week ago, and 2,032,000 bu a year ago. So far this week Kansas City and Minneapolis stocks show a net decrease of 706,000 bu.

The Senate Banking Committee today approved the extension of the Price Control Act for another year. The Committee in giving their approval to the Act turned down all proposed amendments. With the continuation of favorable war news and with the approach of Good Friday, traders seemed to assume a more cautious position. There was very little feature to our market today, although toward the close buying on part of locals, as well as elevator interests, led to higher quotations. At the close May wheat was 1 1/8¢ per bu higher, while the more distant features were 1/2 to 3/4¢ higher.

It was officially announced today by the CCC that the UNRRA had purchased 3 million bu of rye for relief purposes, and that one million bu had been bought for the Belgian government. Industries seemed to back away from the cash corn market today, and we were led to believe will not bid over the holiday period.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 2, 1945.

Despite the bumper corn crop that we have had, the quality has made it rather difficult to handle, and even this late in the season there is still considerable wet corn that may become troublesome due to the car shortage. Fully cognizant of this condition, WPB has liberalized the use of No. 4 grade corn or poorer quality, including sample grades, for distillation use during the entire second quarter of 1945. In other words, grain having a high moisture content or that which has become slightly heated or moldy may be used by distillers, who in some cases are able to dry it after it has been purchased. The Department of Agriculture announced a few days ago that two southern Minnesota hemp plants have begun corn drying operations, and this seems to be the first publicly-owned war plant converted to a use directly benefiting agriculture. More plants are expected to be similarly used before long. One of the first lots of corn dried was 800 bu, which had a moisture content of 35% and was valued by corn buyers at not over 10¢ a bu. After drying, the corn was sold for 90¢ a bu. The cost of conditioning was estimated at between 6 and 10¢ a bu, and the drying capacity of the plants is estimated at 4,000 to 6,000 bu per plant per day, the exact amount depending upon the original moisture content of the corn. The operation apparently is simple and ear corn is hauled to one end of the plant where it is placed on the conveyor. After going through the dryer the corn goes to a sheller at the other end of the plant, while the cobs are used as fuel in the drying plant. Of course, the capacity thus far made available is inconsequential, but at least it holds a great interest to farmers owing to the fact that a fourth of all the corn in Minnesota is too wet to qualify for CCC loans or purchases. Moreover commercial drying facilities have not been able to accommodate all of the wet corn. The government's hemp plants described above are located as follows: 11 in Minnesota, 11 in Iowa, 11 in Illinois, 6 in Wisconsin, 2 in Indiana, and 1 in Kentucky.

When our market opened this morning, the general price level was firm. There is no pressure and many people figure that May wheat will sell at ceiling levels. Of course, there is some hesitancy owing to the satisfactory war developments in Europe, but until the car situation improves, lack of transportation will remain a vital factor. Even after the war, there is a question as to the quantity of wheat the countries outside of North America can furnish. However, various agencies, including the Dominion Bureau of Statistics, feel that there are adequate supplies of wheat in Canada, the United States, and Argentina to meet the needs of importing countries. All are agreed that the more immediate problem is transportation. Australia, however, cancelled all wheat exports during 1945, and the only flour to be shipped, aside from small parcels to the Pacific Islands, is the balance remaining on 1944 contracts for the British Ministry of Food. Argentina, with a crop of 150 million bu, has a wheat surplus estimated at 175 million bu, owing to the big reserves. The new price just recently announced is $1.25 1/2 (U. S. funds), basis Buenos Aires, or an advance of 8 1/8¢ over last year's price.

Primary receipts of wheat were slightly over one million bu vs. 865,000 bu last week, and 3,123,000 bu last year. The visible supply showed a decrease of 4 3/4 million bu, leaving a total in all positions of 83 1/2 million bu, or 26 million bu smaller than a year ago. The visible supply of rye decreased 256,000 bu.

Markets gained momentum as the session wore on. Rye was the leader, and the May future at one time advanced the full 5¢ limit permitted in a day's trade. More attention was paid to last week's purchase by the CCC of 4 million bu of domestic rye for relief purposes. It was figured that in view of this big transaction our carryover at the end of the season might be reduced to about 10 million bu, particularly if any further government business takes place. With a prospective crop probably larger than last year, this will not leave us very burdensome supplies, particularly if the war is over, and about 10 million bu of rye is used next season for the manufacture of rye whiskey.

Our markets were very strong, and even with relative weakness in some of the cash markets, like oats, wherespots were 3 to 4¢ lower, little influence was felt from this source, and futures all around were in very good demand.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 3, 1945.

It is very seldom that crop reports at this season of the year have been so uniformly favorable with respect to winter wheat. Ordinarily this would be the dominant factor, but recent news pertaining to crops has been almost entirely disregarded. Yesterday, for instance, the Santa Fe report was extremely optimistic, and it was stated that with a fair break in weather for another ten weeks during the growing period, Kansas might produce 200 million bu. This was virtually confirmed today by the Robinson Elevator Company's report, the first of the season to be issued. While claiming that there was a good deal of guesswork this early in the season, a yield of 190 million bu could reasonably be forecast owing to the fact that not a single complaint throughout the State had been received of any winter killing, nor had there been any reports of damage from freezing or thawing. Furthermore, rainfall during the fall and winter months had been almost ideal, and it was about 145% of normal for the western half of the State where the acreage was large, so that with good subsoil and topsoil moisture condition wheat was getting off to a beautiful start. In Oklahoma, the prospects also range from good to excellent, with the Santa Fe report stating that most localities report the best outlook in history. Because of a large acreage planted last fall, the possibility of 85 million bu is spoken of, although none of the experts want to go on record, as at this season of the year, it is mostly a question of hope.

Nevertheless, our markets have been strong, and as we mentioned yesterday, rye has dominated the price levels in other pits because of the sudden demand from European sources. It has been known for some time that in all countries the supplies of this grain were smaller than a year ago. For example, on January 1st, there was only 51 million bu available in the United States, Canada, and Argentina compared with 74 million bu a year earlier, distributed as follows:

	UNITED STATES	CANADA	ARGENTINA	TOTAL
1945	27,000,000 bu	8,000,000 bu	16,000,000 bu	51,000,000 bu
1944	43,000,000	14,000,000	17,000,000	74,000,000

From the above it will be seen that if the war should end suddenly and the Scandinavian countries or others which in the past have been large rye eaters, should wish supplies it will not be too easy to satisfy immediate demands. However, starving people are not too "fussy," and with respect to wheat the situation is quite different. Using the same comparisons but including Australia, whose supply was 109 million bu on January 1st compared with 253 million in 1944, we find that the over-all supply is entirely adequate. The total for the four countries, amounting to 1,892 million bu on the first of the year, compared with 2,206 million bu in 1944, or a small reduction, but offset by 1,293 million bu oats this year vs. 1,271 million a year ago, and 2,356 million bu corn against 2,050 million in 1944. Thus, there does not seem to be any scarcity except that supplies are affected by insufficient transportation to get them either to the seaboard or to marketing centers. This factor has been particularly important in Canada and in the U. S., and we find that visible supply stocks are decreasing, where with ordinary rail facilities, the reverse might be taking place. A decrease of 5 million bu during the week in the U. S. wheat visible was largely due to the inability of railroads to furnish cars. Certainly at these levels farmers are in a mood to market their grain, particularly with the fine crop outlook, but Mr. Scott, of Kansas City, stated late yesterday that government agencies in Washington had refused to force a diversion of box cars to move the backlog of grains. With other industries also crying about transportation shortages, it seems that the grain industry will have to wait its turn. Normally, the five large wheat-carrying roads serving the Southwest area would store up from 20,000 to 30,000 cars in advance of harvest, but this year no reserves whatsoever can be expected.

Primary receipts of wheat were 801,000 bu vs. 721,000 bu last week, and 2,245,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 533,000 bu.

Rye was again very strong, and at times influenced other grains but toward the last there was talk that some of the rye shipped from here to the East was finding a poor demand, and this caused some profit-taking.

Wheat was moderately lower, as was corn, apparently reactions being in order after yesterday's short covering. Oats, however, were reasonably firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 4, 1945.

According to economists, nothing is fully produced until it is in the shape that it is wanted at the time it is wanted and in the place that it is wanted. Thus one can easily understand that even when large crops are raised they are not effective unless there is sufficient transportation to carry them into consuming channels. This has best been illustrated in Germany, when last winter freight facilities were taxed to the utmost and a good number of potatoes froze and were, therefore, rendered uselss before they arrived at marketing or consuming centers. From all reports that come to us, there is no immediate solution to the car shortage, and, indeed, there may be a lack of appreciation of the serious nature of the situation existing in the grain producing sections of the Middle West. According to an article in the Journal of Commerce this morning, Kansas wheat farmers will have to dump 75 million bu of their new crop on the ground if the current box car shortage holds at harvest time. This statement was made by the Kansas State Department of Agriculture. Speaking of the crop, the Board further stated that moisture content of soil is excellent, the stand is good, and Kansas could produce its largest wheat crop in 1945. There was further optimism overnight in moisture reports, with moderate to heavy snowfall over many sections, while East of the Mississippi River considerable rainfall occurred. The temperatures will probably be considerably lower, and some apprehension has been expressed owing to the fact that the season is unusually early. However, the wheat plant is not far enough advanced, and it is doubtful whether ill effects will be felt, as even in the Texas Panhandle the higher altitude is a factor, and we have not heard of any wheat that has jointed.

In any case when our market opened this morning, prices were moderately firm. There seems to be no pressure of any consequence. The only selling that takes place from time to time is profit-taking on part of longs, and this is likely to continue, particularly with the war news so optimistic. In spite of the fact that the government is anxious to move large quantities of grain to the seaboard, some farmers are still redeeming wheat that had been placed under the 1944 loan, and we find that liquidations have amounted to 31 million bu, so that with total impoundings amounting to 183 million bu, there is only 152 million bu still frozen from the present crop, although the CCC still holds fairly good quantities from previous years. The chances are that if hostilities are ended in the next month or two and the tendency of prices would be downward, sizeable quantities will again go into the next loan. Just how high the loan value will be cannot be definitely stated at this time. Present wheat parity is $1.53 on the farm. Using the same computation as heretofore, and basing the loan at 90%, plus usual charges, it would make the Chicago loan value about $1.59 a bu. The current high level of non-agricultural income seems likely to be maintained without much change until sometime after fighting ceases in Europe. The question of farm labor is still important, but somehow agriculture has met its problems well through longer hours of labor and the fact that children have been placed in service. On March 1st, there were 8,414,000 persons employed on farms, which was a reduction of only 2% from the year before, while the employment in non-agricultural establishments was about 3% less than the previous year, with 37.9 million persons working.

Primary receipts of wheat amounted to 679,000 bu compared with 498,000 bu last week, but as much as 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 813,000 bu, indicating a big shrinkage again in the visible supply next Monday, and until the car shortage is relieved, we expect very big inroads will be made again on the accumulated stocks at terminal markets.

Wheat was fairly strong for these reasons, and also because of the encouragement from rye, where at one time the May delivery sold up the full 5¢ permissible limit. In fact, all rye futures went into new high ground, and there was very little resistance, even profit-taking sales being well absorbed.

There was some indifference shown in corn and in oats, but of course, these grains could not wholly discard the surroundings, and finally scored small advances.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 April 5, 1945.

With lake navigation about open, it is timely that we look at the stocks stored at Ft. William and Port Arthur, because Canada with still a large surplus will be called upon to ship wheat to Europe, and may also furnish considerable quantities of oats and barley for export, some of which will be destined for the United States. There were slight increases all along the line during the past week. We find that there is now more than 57 million bu wheat stored at the lake heads compared with nearly 49 million bu last year, while the situation in oats is comparatively more favorable, with 20 million bu now in store, or two and one-half times as much as last year, when there was 8 million bu. In barley the situation is almost as favorable, 17 1/2 million bu now at those two points vs. 9 1/2 million bu in 1944. Thus a good job has been accomplished in getting grain from the farms to the East in spite of all kinds of railroad difficulties, both with respect to cars and to locomotive power. As for rye, the Canadian situation indicates that few shipments, if any, will take place to the United States. There is only about 2 million bu in store, or one-third as much as last year, when slightly over 6 million bu was available.

There has been so much comment recently about the necessity of getting foods into European trade channels for relief, that we read with great interest Broomhall's resume of March 7th, contained in the Corn Trade News. This was written before the recent domestic sales to the CCC, and we quote: "America's anticipation of a demand for relief rye from Europe if the war ends before the next harvest is, we think unjustified. Neither the United States nor other exporting countries has a genuine surplus of rye for export. Norway, where there is always a rye deficit, will probably obtain her urgent supplies from neighboring Sweden, while we understand that Finland is receiving rye from Russia. There is a fair consumption of rye bread in Holland and to some extent in Belgium, but both these countries would just as readily receive wheat flour. Poland will probably manage on her own supplies until the next harvest. As a fact, the only country likely to ask for rye in preference to wheat or wheat flour is Germany and we do not believe that much relief will be sent there before the next harvest. Germany will be last on the priority list for food, and will take whatever is available, not what is in short supply. By plundering other countries, Germany has had food in greater volume and variety than most other countries and no tears will be shed if the variety is less obvious for a month or two." Of course, nobody should be critical in the choice of grains when human life is involved, and if mistakes have been made, at least we feel the policies were adopted in good faith in an attempt to get whatever grain was available, so that the starving peoples of Europe could be nourished back to health. From a market point of view, the 4 million bu or so which will be shipped is only a drop in the bucket in comparison with the total grain requirements, but in the final analysis it represents a large percentage of the supplies remaining for our reserve stocks.

Primary receipts of wheat amounted to 746,000 bu compared with 535,000 bu last week, and 2,231,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,076,000 bu.

When our market opened this morning wheat values were firm and higher. It seems that yesterday's last minute break was not followed by outside markets, and it took a few minutes before readjustment occurred. After shorts had covered a little further, and rye was not particularly strong, there was some profit-taking. Later in the session it became known that Russia denounced its neutrality pact with Japan, and accuses Tokyo of helping Germany to war against Russia. This had a little bearish influence, and at the last wheat prices showed declines of 1/2 to 7/8¢ per bu for the new-crop months, but only 1/8¢ lower for the May.

Rye, likewise, was influenced; there was no special news, except the possibility of further export business, but nothing very definite on this subject.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 6, 1945.

Three-fourths of the crop year has passed, and as near as we can judge exports of wheat and flour amount to about 88 million bu. There is no accurate tabulation kept from week to week, nor is the government giving monthly reports, as would be the case in peacetime, but this figure seems to be fairly reliable. On basis of a crop and carryover totaling 1,393 million bu, and assuming a prospective utilization of 880 million bu, it is quite apparent that even if we increase our shipments during the last quarter of the season, we shall still have a fairly large reserve stock. This does not take into account estimated imports of 35 million bu, which our government figured on as a maximum, for the reason that probably most of the wheat that does come in will be used for feeding purposes. As a matte of fact, since August 1st, actually 80 million bu wheat has been admitted to this country from Canada, although a fair amount may have been re-exported, and more is probably likely to leave the country. So, here again, our calculations are not complete. In any case, new crop developments are very satisfactory. A few frosts were reported i the Ohio River Valley, but these sections are not sufficiently advanced for much damage to occur, and we did not hear of any complaints. Southwest reports are still optimistic. The weekly Oklahoma bulletin stated that wheat continued to make excellent growth during the period and is in good to excellent condition. Other Southwest States likewise sent optimistic reports. Condition and progress of winter wheat in Kansas is good to excellent; the crop is generally 5 to 8 inches high. Texas temperatures have been favorable for growth. There was too much rain in most of the State except extreme northwest, extreme South, and extreme West; yet the progress of the winter wheat was good, and the same refers to oats and barley.

If farmers carry out their intentions as indicated on March 1st, the combined acreage of the four feed grains will approximate 163 million acres next summer, a decrease of about 1.5% from last year, but this would still be 5% more than the five-year average, 1939-43. The government believes that a substantial increase in feed grain reserves is in prospect for the end of the current season compared with last.

Ordinarily at this time of year, we would be receiving crop reports from Europe which would influence our market. Due to war conditions reports are somewhat fragmentary. However, an official one from France states that the outlook for the 1945 wheat crop is very poor. Because of shortages of labor, of horses, and fuel oil, and also due to protracted December rains, frost, and snow, the acreage of winter wheat has been reduced to about 6,700,000 acres compared with 10 million in 1944, and nearly 11 1/2 million acres in 1939. This suggests heavy relief buying in the year ahead, although as a partial offset the situation in Russia shows improvement, and a bulletin published by the Embassy of USSR claims that Soviet farmers are energetically preparing for what they term the "Victory Harvest." There was a big acreage expansion in 1944, the increase amounting to 24 million acres over that of 1943, which enabled Russia to produce not only larger quantities of grain, but also more potatoes, vegetables, sugar beet, cotton, flax, vegetable oils, etc. The State Plan for the 1945 crops has just been published, and it is hoped that the sown area will be increased 20 million acres over that of 1944. If this is borne out it may mean more land under cultivation than ever before.

Primary receipts were rather small again, only 644,000 bu; there was a holiday last week, as well as last year, so comparisons are not possible. So far this week Kansas City and Minneapolis stocks show a total decrease of 1,356,000 bu. This suggests a rather sizeable shrinkage in the visible supply on Monday; a year ago it decreased only 117,000 bu.

Quotations were rather indifferent when our market opened; and nothing to suggest the excitement which occurred later. However, the open interest in May rye is still very large, amounting to 18 million bu, and despite recent reductions the trading initiative is taken mostly by shorts. This gave us a quick advance today, with May rye at one time selling at $1.31 per bu, the 5¢ permissible limit, and it is the third time this week that this sort of thing has occurred. There were later some reactions as profit-taking set in.

Wheat and oats were rather dull and not much influenced by the sharp advance in the rye market. As a matter of fact there was very little feature, and the wheat trade was comparatively light.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 9, 1945.

In the past the question of supply and demand was always studied without any special regard to the question of transportation. This was due to the fact that we had built up in this country a transportation system so efficient that car shortages seldom arose except during wartime. The same was more or less true in other exporting countries, and Canada in particular had reached a point at which even with severe winters grain could be moved from the farms to the head of the lakes with a minimum of trouble. Very likely when commitments were made at Yalta, not enough attention was directed toward the fact that there was a great distinction between total supply and effective supply. Whether or not a transportation expert was present at those conferences we do not know. We doubt whether the grain trade was represented when discussions took place, although it is very likely that full cognizance was given to the fact that domestic flour mills and those in Canada were working right up to capacity. It was known that the milling industry was booked for months ahead, and with that in mind it was deemed more feasible to export grain and then let it be milled when it reached its European destination. It was, ofcourse, known that adequate supplies existed in Canada, the United States, and Argentina to meet the needs of importing countries, but the more immediate problem was that of transportation, and this seems to be the bottleneck even now, when milder temperatures have freed some of the cars, which for months were blocked at eastern points owing to the unusually heavy snows which occurred last winter. Consideration was also given to the smaller requirements of wheat for feed in this country and due calculations were made for shipping immense amounts of wheat to Europe without endangering our reserve stocks. Tentatively it was figured that the United States gross exports might exceed 140 million bu, still leaving a carryover of 350 to 375 million bu on hand June 30, 1945. But, of course, this was all based on the ability to get sufficient cars to take grain to the seaboard, and also the ships for ocean transport. Time alone will tell what we are able to accomplish. ODT is working on these problems day and night, but again we call attention to the fact that our efforts in attaining higher production are fruitless unless the grain can be hauled to terminals once it is harvested.

When our markets opened this morning prices were rather firm. There was no special news except the papers over the week-end spoke of inflation in the post-war period. One of our friends who just returned from London said that British bankers were of the opinion that, despite some efforts to hold prices in check, it was the general consensus that necessities would probably be twice as high after the war as they were before, while luxuries might be up fourfold. He asked what effect American competition would have with respect to such advances, and was told that everyone in Britain figured that the rise in America would be fully as great. Others must also have similar ideas in this country except as to degree. Certain officials have told the President that civilian goods will be scarce for a long time after Germany's defeat, and for a considerable period there will be danger of a runaway price rise. This report, signed by William H. Davis, Director of OES, Chester Bowles, of OPA, Marvin Jones, War Food Administrator, and George W. Taylor, Chairman of the National War Labor Board, cannot be taken too lightly. On the other hand, we must bear in mind that wheat and rye prices have almost doubled compared with 1939 levels, and likewise that everything will not advance in the same proportion.

The visible supply showed a decrease of 3 3/4 million bu. This brings total stocks down to less than 80 million bu, or a reduction of 30 million bu as compared with last year. The primary movement is still light --1,230,000 bu received today vs. 1,054,000 bu last week, and 2,988,000 bu last year. Chicago wheat stocks decreased 345,000 bu, which reduces the local supply to 1,877,000 bu. In addition, there is 439,000 bu of bonded wheat here. The local rye stocks declined 1 1/4 million bu, but part of it showed up elsewhere; the total decrease was 445,000 bu.

Markets were not overly active; most of the trade was again in rye. There was selling of May and buying of September. This narrowed the spread. There was also some liquidation of May rye. Other grains sympathized at times, but on the whole the undertone was rather firm.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 10, 1945

After the close of the market tonight, a government report will be issued giving the indicated production for 1945, and also the grain stocks remaining on farms April 1st. The former should be very optimistic since all reports thus far circulated were to the effect that the crop had come through the winter in better-than-average condition, and we see no reason to reduce the December production estimate, which called for a wheat crop of 762 million bu. According to the last official survey, American farmers intend to plant about 19 million acres of spring wheat this season, or practically the same as last year. The government tentatively figured that total production might again exceed the billion-bushel mark. It is well in wartime that we have had several successive crops turning out so well because the consumption has also been heavy, and even in the 1944-45 season, it is expected that our domestic disappearance might amount to about 914 million bu. This is allocated as follows: food 535 million bu, seed 82 million bu, alcohol 80 million bu, and feed 217 million bu. Of course, a guess at this time must be subject to a wide margin of error. First of all, if either the European or the Japanese war should end soon, the amount of wheat needed for alcohol might be sharply reduced. Furthermore, quantities for feed might be smaller, and already there has been a marked reduction from 1943-44, when 500 million bu wheat was fed. On the other hand, larger exports to Europe for relief are a certainty, although transportation difficulties are presently hampering the movement to the seaboard. We figure that the estimate to be given later today on farm stocks will show rather large holdings. First of all, the available domestic supply at the beginning of the season was 1,395 million bu. Secondly, the feeding program has proceeded on a reduced scale, and lastly, it has not been easy to move grain from farms to markets. The result is that our visible supply is smaller than last year, and likewise holdings of mills must be considerably less.

As for Canadian acreage intentions, they will not be published until May 9th, but the recommendation was for a reduction of nearly 2 million acres. Winter in the Prairie Provinces was comparatively mild and free from snow, and farmers in the Southern areas are expected to be on the land earlier than usual. Australia, whose exports have been temporarily stopped, is attempting to boost her wheat acreage from 8.3 million acres seeded in 1944 to 11.5 million acres. Some obstacles may prevent this, such as labor shortages, fewer tractors, and a shortage of super-phosphates. Plowing is under way in Argentina, and farmers are being urged to reverse the donward trend in wheat acreage, which was necessary during the war years. They hope to recapture their export markets. Argentina's exports in 1944 amounted to about 92 million bu, but most of this wheat was shipped to Spain and Brazil.

Primary receipts amounted to 901,000 bu against 801,000 bu last week and 3,274,000 bu last year. This again indicates the extent to which the car shortage is handicapping operations. Kansas City and Minneapolis stocks so far this week show a total decrease of 473,000 bu.

At the start there was no particular feature, and at times wheat was moderately weak in spite of higher rye prices. This was probably due to hedges coming into July wheat. Most of them appear to be from the Northwest, and we believe that more grain would be available if loadings could be had. Last prices were 1/4¢ lower to 1/4¢ per bu higher. May wheat was very firm, and we see very little relief with visible stocks declining.

There was not the liquidation in rye that was experienced yesterday. A crop report will be issued later in the day, and the chances are that production estimates will not be much greater, if any, than last year. The carryover, of course, will be considerably less.

We understand WPB has requested distillers to reduce the use of wheat and granular flour in production of industrial alcohol and to transfer operations so far as possible to sorghum grain and moisture corn.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

MEMBERS:
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CHICAGO MERCANTILE EX.

April 11, 1945,

The government crop report, issued late yesterday, indicated a winter wheat yield of 862,000,000 bu which is a record for all time. Several factors are responsible for this outlook. First of all, the weather last fall was almost perfect, and the reported April condition of winter wheat is the highest since 1919. Secondly, the crop had good snow protection during the winter and the abandonment was the lowest in twenty-five years. Of course, there are still some hazards ahead, and growth is two to three weeks ahead of normal, so that a freeze late this month or early in May might still do some damage. In any case, it looks like a bumper yield, and will compare with the next largest crop of 825 million bu raised in 1931. There was further moisture overnight in southwestern districts. Likewise, the weather in the Northwest is satisfactory; so we are almost assured of more than a billion-bu combined winter and spring wheat production, but still not much attention is being paid to this factor owing to the fact that transportation is still the paramount issue. Farm stocks are likewise high, and there is 239 million bu held. This figure is the third largest on record, and while the increase is only 20 million bu over last year, it is also a fact that country elevators are chuck full, and according to Mr. H. L. Collins, Statistician for the Department of Agriculture, farm elevators and bins now hold 1,307 million bu of wheat, corn, oats, and barley, with an overflow on the ground and spoiling in the current damp weather.

It is for this reason and others that the governors and grain men in the surplus producing areas are so anxious to get relief from Washington to preserve the quality of the grain in wartime. Everyone is imbued with the importance of maintaining high production. As Mr. Marvin Jones, War Food Administrator, said in a recent message to the nation's farmers, the 1945 acreage goals total 363 million acres for all crops, nearly 3% more than the 1944 planted area. He called attention to the fact that maximum production of feed grain and forage crops is needed if we are to maintain a safe reserve of feed for increased livestock production. Particular notice was directed to additional acreages needed for grain sorghums and barley. However, plantings of emergency hay and pasture crops were urged to supplement other needed forage crops as insurance against any possible drought. In any case, production alone is of no particular value unless the crops can be properly moved and marketed to prevent spoilage.

The government report was interesting also in other respects. Farm stocks of corn were about 246 million bu larger than last year, indicating smaller feeding operations, and may mean double the carryover at the end of the season. Oats consumption is continuing at an active pace, with only 15 million bu more on farms than in 1944, which means large usage. Farm stocks of rye were about 2 1/4 million bu smaller than the previous season. The carryover will be considerably reduced, but the condition of the new crop is 91% of normal compared with 79% last year, and 76% the ten-year average.

Primary receipts of wheat amounted to 771,000 bu compared with 679,000 bu last week, and 1,562,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 873,000 bu

The car shortage being about as acute now as at any time is still the main influence in markets, and the bearish government report was an influence only at the opening, when moderately lower prices were registered in the various pits. Sentiment, however, is quite bullish. It looks for the next three or four weeks at least as though the visible figures would show a considerable shrinkage, and those who came away from the Kansas City meetings yesterday were impressed with the government program of trying to get these vast quantities of wheat to the seaboard for relief purposes. This may be a factor for some time to come, but will be accentuated as long as cars are in such short supply. In the meantime, with the deferred futures of wheat selling at prices beneath next year's probable loan, there is some incentive for making purchases, particularly with the great likelihood that May wheat will go to the ceiling. At the last the deferred futures were little changed, but May wheat advanced 1 1/4¢ per bu.

Corn was strong, and there seemed to be very little pressure. Oats which had been indifferent for several weeks finally came to life. It seems that those who missed their opportunity to buy rye are now going into other cereals. Feed grains were also influenced by action of WFA, which raised the hog support level from $12.50 to $13.00 per hundred weight, basis Chicago.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April12, 1945.

It became known late yesterday that the CCC was willing to buy spring wheat in the Northwest for July-August shipment, and if our information is correct, they are paying ceilings plus mark-ups in an effort to get grain to seaboard positions for relief purposes. A program of this kind is so unusual that it naturally changes the entire complexion of things. Everyone had known for some time that the transportation problems confronting the grain industry were of such magnitude that very likely the May futures would go to the permissible limits, and possibly stay there. This is due to the fact that the visible stocks are declining everywhere, and there are insufficient cars to bring fresh grain to terminal markets, the result being that if the mills come to terminals for their supplies, the situation could become extremely tight. As for the new crop, nobody can be certain whether the car situation will remain tight, but, of course, ending of hostilities might bring some relief. This has been the thinking of most traders, and probably the reason for the big discounts of July and September under May, and under prevailing cash markets; however, with the government apparently willing to pay as much for wheat next July or August as at the present time, it is a very strong intimation that the export business must be of tremendous proportions, and the trade became easily scared with considerable buying of July and September, while May wheat was firm but relatively indifferent.

Regardless of what the present plans are we do not see how the most optimistic figures for exports can find fulfillment. Broomhall has generally been a good judge of requirements and of available supplies. He figures our net exports tentatively at 104 million bu, which would actually be increased to about 140 million bu, considering that our imports will amount to approximately 35 million bu. This is for the current season, and beyond that nobody can make predictions for the reason that the ending of either war or in both theatres would naturally make clearances possible on a much heavier scale. Broomhall figures on shipments of 44 million quarters this season from Canada, which would amount to 352 million bu, and this is a rather liberal allotment due to the fact that in thirty-five weeks there has been only 165 million bu cleared, and it would still leave 187 million bu to ship in the remaining seventeen weeks, or an average of 11 million weekly. In any case the trade is now imbued with the idea that government buying will take place for months to come, and this psychology is apt to be reflected in new crop futures until either it is discovered that the plan is feasible or else that some modifications become necessary later on.

Meanwhile, little attention is directed to crop reports or news from the growing areas, but conditions remain highly satisfactory, except for the Texas Panhandle, where moisture is urgently required. Some moisture is needed in parts of the Southwest, and the Nebraska State report claims that rains would be welcome in southwestern parts of the State. About 80% of oats and barley, and 54% of the farm crop of potatoes has been planted. In Iowa, weather conditions have been favorable for field work. The present outlook is for temperatures to continue above normal the remainder of the week. Oat sowing is from 50 to 100% completed.

Primary receipts of wheat were a little larger amounting to 933,000 bu compared with 746,000 bu last week, and 2,487,000 bu last year. Minneapolis stocks so far this week show a decrease of 500,000 bu. There may be some slight relief in the box car situation, as empties are being moved into the western grain belt at the rate of 1,400 a day, and ODT is arranging to increase that number by 300 dai

Markets were very strong right from the start. It looked as though some of the longs in rye were switching to wheat, and the Ju future was in good demand all through the session. Traders figured that if the government was willing to pay ceiling prices for July-August loadings in the Northwest that there was no comfort in being short even new-crop positions at such big discounts. This was the reason for considerable short covering, and more investment buying. At Minneapolis the May future at one time sold at the full permissi ceiling, and the deferred months were very strong. Advances in ou market amounted to 1 7/8¢ to 4¢ per bu for the deferred deliveries; May wheat was up 3/4¢ per bu.

Corn and oats were also subject to short covering. There was the same in rye at times, but the latter cereal was rather tame compared with wheat, although the close was higher.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 13, 1945.

The news from WarmSprings, Georgia, late yesterday came as a shock not only to this nation, but to the world. The passing of President Roosevelt at this critical hour has brought sorrow to many hearts at a time when great leadership in world affairs is so necessary. Out of respect to the memory of our President, all the Exchanges of the country will be closed tomorrow.

The grain trade watched with interest opening prices on the Stock Exchange to see what the influence of such an event might mean to the financial and commercial world. When our market opened half an hour later, prices were somewhat lower, but weakness was rather short-lived. It is generally felt that the enormous buying program to carry wheat into exporting channels will be continued just the same as had been previously planned. Apparently the commitment made at Yalta will be respected and enormous quantities of wheat are to be taken to the seaboard for relief purposes. According to a message that we had late yesterday, the Northwest alone is to furnish about 140 million bu wheat between now and end of August; also a relatively small quantity of flour, but the net result is that shipments of spring wheat may amount to about 35 million bu per month if the program is carried out according to plan. It is also figured that a somewhat smaller quantity will be exported from other parts of the country, and we are just wondering how the port facilities in Europe can take care of these enormous unloadings in addition to the Canadian wheat which is being shipped, particularly as it is not possible to have a good deal of the grain sacked. The writer recalls that in the pre-war period, 35 to 40 million bu wheat arriving in Europe monthly was generally considered a fairly large quantity to handle. Even then the facilities were not as modern or as efficient as in this country. Most of the small silos or tenders had to convey the wheat through canals for final distribution. There were some large elevators in Britain where grain was unloaded by suction, but we presume that the damage sustained by bombing must have taken a certain toll. In France, the main port at the moment is Cherbourg, which was never very much used for unloading of grain, and thus there may be difficulties in transportation at the other end as well as at home where the quantities involved are so big. In any case the new crop futures have been strong for several days, with further buying support evidenced this morning.

Mr. Marvin Jones, War Food Administrator, before the Foreign Affairs Committee of the House of Representatives, spoke rather optimistically on agriculture. Quoting directly from his speech, he stated: "With the indicated advance in farming skill and the new practices of soil conservation and water use, I don't think we need to worry about the U. S. farmer's ability to produce on a big scale in the years ahead. But the big question is: Will there be a good market for all of his output? The key to that problem will be the progress that is made in the field of distribution and the extent to which purchasing power is maintained or increased both in this country and abroad. And, of course, prerequisite to all of this is the maintenance of peace. The Food and Agriculture Organization offers real hope as a powerful peace force through the creation of better understanding among the United Nations."

Primary receipts of wheat today were 858,000 bu compared with 644,000 bu last week, and 1,758,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,546,000 bu. When the visible supply is posted Monday it is apt to show a fairly large decrease again compared with an actual increase last year of 797,000 bu.

Markets again were very erratic. At one time July rye advanced the 5¢ permissible limit, but apparently heavy profit-taking caused a sharp bulge with almost the same rapidity. The local trade became a little bit hesitant on the extreme advances, and some pointed out that at the end of the month wheat not redeemed will be defaulted, and this will put larger stores in the hands of the CCC, and may make it less necessary for the government to make as many purchases in the open market for relief. Final prices in wheat showed declines of 3/8 to 1¢ per bu.

Corn was quite indifferent, even while other cereals were fluctuating over a wide range.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 April 16, 1945

As we move closer to victory, the question of food and of world food shortages naturally receives more and more attention. As Broomhall points out in a recent article, distressing reports of under-nutrition are being received from the liberated areas of Europe, and also those parts of the Continent still in German occupation. Millions of pounds of food, including meat, fats, wheat, and flour, have undoubtedly been released from the British emergency stocks, and these were sent to the liberated areas of France, Holland, and Belgium. This is apparently the reason for our huge export program in wheat, which focuses around a plan to move about 20 million bu wheat and flour to the seaboard each month in order to take care of European relief. Secretary Wickard, who a few days ago appeared before the Committee on Foreign Affairs of the House of Representatives, ended up with this statement: "If levels of living are not raised all over the world-- if the total economy does not expand-- all of our painstaking efforts after the war will add up to nothing. Sooner or later the nations would slip back into the old pattern of fighting for larger shares of a shrinking trade." He calls attention to the fact that a low level of living and most of all hunger have been among the chief sources of unrest and strife. There can be no real democracy, according to his thinking, where the bulk of the people are only half fed. Instead, Mr. Wickard thinks that there would be a strong tendency to follow any dictator, or if the people are weak enough from hunger they are easier victims of aggressor groups or nations.

With this in mind, it is reasonable to suppose that the CCC will bend every effort to get grain to the seaboard, and to this end there have been meetings in the Northwest and in the Southwest together with ODT in order to work out a solution of transportation, possibly by using a permit system in detailing necessary cars to Atlantic ports and to the Gulf and holding back other shipments of a less necessary character. The latter might apply to certain contracts already in force, and we may find later on that certain sales of feedstuffs to Eastern destinations may not be permitted. But in the meantime, the chief interest centers about our wheat export plan and how the grain will finally be obtained.

At the end of April the producers who took advantage of the loan will have two alternatives: one, of course, is paying off this obligation, which at present level of prices is always possible, but there is also the chance that the defaults may be fairly heavy, and this, of course, would place larger quantities in the hands of the CCC, possibly modifying their purchasing program in the open market. It is rather difficult with the car shortage and other factors to forecast in advance how much wheat will be redeemed. In any case we believe that the government purchases will still continue on a rather heavy scale, and with this in mind nosharp recessions are to be expected. There is some improvement in the car situation, and it is hoped that about 300 additional cars will be sent each day into southwestern regions to help move grain. We have pointed out that of equal importance will be the handling of wheat in international trade channels for the reason that only about 10 to 15% of the wheat moving for export will be sacked, and the balance will naturally unload more slowly when the vessels arrive in Europe. More may be heard of this situation at a later period, but for the time being all thought is concentrated on getting our domestic supplies to the seaboard.

Primary receipts were larger than last year, this being due to the holiday. The visible supply of wheat decreased nearly 5 million bu Total stocks are down to 75 million bu, which is more than 35 million bu less than a year ago. At Chicago, there was a decrease of 501,000 bu, leaving only 1,376,000 bu here.

Our markets were very strong right from the outset. Confidence has been expressed very generally in our new President. The stock market was considerably higher, and without much pressure grain prices registered higher quotations. There was considerable moisture in the Southwest, including the Texas Panhandle, which received about 1 1/4 inches over the holiday, but little attention was paid to it. May wheat, which is within about 2 1/2¢ of the ceiling, was up less than the other futures. It seems the new buying is coming into the deferred months. Bookings of corn were heavier, about 350,000 bu, but this cereal was likewise higher. Deferred deliveries of oats rallied, and while the cash demand at present is not very urgent, it is felt that the situation within the next few weeks may improve. It was claimed that 1 1/2 million bu Canadian oats had been sold to Belgium.

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CHICAGO, 4 April 17, 1945.

As we are pushing farther into Germany, it becomes more apparent that the area still under German control produces considerably less than its normal food requirements. Moreover, there are probably 15 to 25 million more people to be fed owing to evacuations from the occupied areas and the presence of some workers and prisoners of war. It is also true that most of these prisoners have been underfed and undernourished, and the horrible descriptions coming to us show that a minimum nutritional diet had been the lot of these unfortunate people. Even amongst others drastic food measures had been taken even before the allied break across the Rhine. From Berlin stories are told of German mothers breaking into food shops in order to get a subsistence for their children and infants, and just last month the Agricultural Commissioner of the Reich ordered the killing of all livestock, except milk cows, hens, and breeding stock. This was done to reduce the consumption of potatoes and grain so badly needed for direct food requirements to the people in the Reich. Nevertheless, our problems are mounting, and with the possibility that some of the food stocks left behind by the Germans in their hasty retreat have been poisoned, our commanders have forbidden their usage.

These facts are all pretty well known to the grain trade, and have been the basis for much of the bullish speculation in recent days. Our export commitments are enormous. We figured that the Army is still a dominant buyer of flour and is probably taking everything that is offered, even urging the mills to contract for larger quantities. This is apparently going largely for civilian relief abroad. It is figured that during the month of May, the Army goal will reach 4 million cwts, which will tie up milling capacity, and in addition to this Lend-Lease purchases have also been heavier, with the result that ceiling prices have applied on practically all sales. There could hardly be much bearish enthusiasm under these circumstances, although markets sometimes have a peculiar way of discounting future events. This morning it was like a cold sponge falling on the trade when a statement was made by the Federal Reserve Bank of Chicago to the effect that the success of the government program to support farm prices after the war is doubtful. They admitted in these discussions that the federal government was committed to supporting farm prices at about 90% of parity, with some variations for individual counties; but nevertheless, the statement served as a reminder that a bumper winter wheat crop is in prospect and that even the car shortage, which is quite acute at the moment, will not forever remain thus. There was some liquidation, and after recent short-covering, our market was rather poorly supported. There was also selling in rye, apparently profit-taking, mostly in the July delivery, but as these sales were accomplished, there seemed to be buying of September wheat, and apparently there is more confidence in the latter, at least for the time being. We see very little evidence of pressure, and while the country would probably be in the mood to sell more heavily the car shortage is still a restraining factor.

Primary receipts amounted to 1,138,000 bu compared with 901,000 bu last week and 2,233,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 807,000 bu, and we believe that for the next three or four weeks at least, there will be further inroads on the accumulated surpluses.

The weakness which we described above was interrupted at times, and a very sharp rally in the rye futures at Winnipeg caused some short covering here. It seems that local operators in Canada took to the bull side when they found offerings light, and when the market advanced it brought in outside covering, with the market rising about 5¢ per bu. However, the trade is a little bit confused for the time being. If a permit system is invoked nobody can tell whether commercial shipments to the East will be permitted in volume, as the government has such large commitments for exports in wheat. There is no desire to let the cars leave this area except for actual purposes of necessity. At the last wheat prices showed declines of 3/8 to 1¢ per bu.

Rye was quite weak at one time, but rallied with the May delivery showing the most recovery. There was no particular news in this cereal, and probably a somewhat smaller volume of trade.

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CHICAGO, 4 April 18, 1945.

After the close of the market yesterday, the CCC clarified the recent export business in rye, apparently due to a number of conflicting reports that had been circulating in the trade. They claim that in the three-day period, March 17th to 20th, slightly over 4 million bu rye had been purchased by the CCC at the direction of FEA, and undoubtedly all of this rye is for European relief. A million bushels is destined for Belgium and the other 3 million bu for UNRRA. While this rye is all available for shipment, a good deal of it by water, the outward movement will apparently be slow; only 200,000 bu for UNRRA has been handled thus far, and according to the statement made public yesterday, it will be barged to New Orleans and sacked. Two boatloads containing 719,000 bu had been moved from Chicago to Buffalo, and will be moved to ports when directed, but not until late in May. Thus they have also clarified another issue that there is not the urgency that had been claimed earlier, probably for the reason that there is also a considerable quantity of wheat moving to the seaboard, and the latter will be of such volume that the relatively smaller quantities of rye are not such a factor. The CCC also claims that it has no knowledge of any further export rye requirements to be covered by government purchases. Since the trade had figured that there might be more business likely, this recent announcement took the edge off the market, and there was some liquidation at the opening today, with selling coming mostly in the July future. However, there was some effect in other months and likewise at Winnipeg.

While there can be no doubt that the wheat exports from the United States will be heavy, it is also a fact that Canada will do a good share of business, and this is already evidenced by the activity at Ft. William and Port Arthur, where wheat stocks decreased nearly 9 1/2 million bu during the week, so that with navigation open, it is likely that the 46 1/2 million bu remaining at those ports will be further reduced until such time as the railroads are able to haul in more grain from the Prairie Provinces. There was also a sharp decrease in the oat stocks of nearly 5 million bu. This still leaves more than 14 million bu oats at the lake heads compared with 9 million bu last year. At the present time, it is the purpose of the government to load about two cars of wheat in the West for each car of oats or barley, figuring that the demand for wheat will be more pressing than for coarse grains.

Here in this country crop prospects are well maintained, althoug there are some complaints in the Texas Panhandle that recent moisture was insufficient. Elsewhere in Oklahoma, Kansas, and Missouri recent weather has been very beneficial, and while temperatures have been reasonably low in some sections, we have not heard of any actual damag in fact, so few complaints that one must only surmise that the spring season is nearly ideal. The unseasonably cold weather has retarded the growth of small grains in the Rocky Mountain region and extreme Northern areas, but the government weekly report confirms that there has been little or no damage from freezing.

Primary receipts of wheat have been running a little heavier in recent days; they were 944,000 bu today compared with 771,000 bu last week, and 1,567,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,286,000 bu

Markets were not quite as active as in recent sessions. There was a little easier feeling in feed grains, although oats rallied late in the day. Bookings of corn to Chicago were considerably heavier, amounting to somewhat over 400,000 bu. We understand that one of the local industries reduced its bid to the country by about 1/2¢ per bu. The main firmness was in May rye, and it seems with the possibility that another 2 million bu will be moved from here against previous business, nobody is willing to press the nearby delivery, and there seems to be some confidence that it will hold fairly firm. September rye, however, representing new crop, was quite weak, and declined nearly 1¢ per bu.

There was no particular pressure in wheat, although with an easing of the c r situation a little more profit-taking in July than the other months. Last prices showed declines of 7/8 to 1¢ per bu.

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CHICAGO, 4 April 19, 1945.

With our government intent upon upholding acreage goals for agricultural products, the question of labor is, of course, very important, and probably there would have been difficulties except for the fact that farmers have again raised wage rates paid to their hired labor to new record highs; at least, this is the picture as of April 1st. It is probably safe to say that farm wage rates average more than 10% higher than a year ago, and even making comparisons with the period 1910-14, which is so often used for parity computation and other data, present rates are 335% of the five-year average. This seems like a tremendous increase, which, indeed, it is, but cognizance must also be given to the fact that in certain periods farm labor was terribly underpaid, and even now with much higher reumuneration, it still varies a great deal according to the different sections of the country. For example, day rates without board range from a low of $2.10 in South Carolina to a high of $7.70 in the State of Washington. Thus, in order to compete to some extent with labor in factories, farmers have had to advance their ideas with respect to pay. The result is that there are nearly 9 million persons working on farms at the present time compared with 8,400,000 on January 1st. The increase, however, has been normal and may be regarded as a seasonal upturn. There is still a scarcity, however, and the Department of Agriculture reports the supply of labor available for farm work only 52% of the pre-war average during the period 1935-39. The fact that everything is running moderately well is due to greater efficiency, longer working hours, and the fact that the owners of farms and their families are toiling industriously.

When our market opened this morning, there was no particular issue. It had been reported that a larger movement of box cars would move into the Middle West each day to relieve the situation, and nearly 2,000 cars per day will be available, which compares with the previous supply of 1,400 cars. Col. Johnson has also promised further relief soon, being questioned before the Senate Interstate Commerce Committee, which was studying the means of moving millions of bushels of grain that either had or might later pile on the ground. This is somewhat encouraging and was probably the reason for the further narrowing of the spread between July and September wheat. With a bumper winter wheat crop indicated, prices at the moment are responding very largely to matters dealing with transportation. The fact that our visible supply is decreasing so heavily each month, and may continue to do so in view of the huge government support program, indicates that bins at the end of the season may be comparatively empty. Thus it will take fresh supplies to build up our reserves, and this still gives us a great many uncertainties for the reason that much of the early harvested grain may move to ports of shipment rather than to terminal centers. Likewise, the demand from mills will be heavy, as stocks have been reduced and flour business has continued at capacity levels.

There was some frost in Illinois but temperatures in the Southwest were moderately comfortable over freezing levels, and it is doubted whether any harm has been done to wheat. Recent weather has delayed field work and today we observed in the Iowa State report that in many sections last week due to the accumulation of moisture, work was being held up, and the soil was too wet to be properly worked. Some spring grains remain unseeded, but over most of the State seeding has been far ahead of the usual mid-month program. It is also felt that given a few days of winds and higher temperatures, farm operations will advance rapidly.

Primary receipts amounted to 998,000 bu compared with 933,000 bu last week, and 1,435,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,724,000 bu.

Conditions in the Northwest are extremely favorable. The VanDusen crop report, issuing its first statement for the season, said that in the fifty years they have been reporting Northwest crop conditions, very few seasons have started so auspiciously as the present one. Wheat prices eased. A good many shrewd traders figure that when September or December wheat get to the probable loan level that the long side is not particularly attractive. However, May wheat at about 5¢ under the ceiling does not offer much inspiration to bears with so little chance of getting supplies here in time for delivery. Last prices showed declines of 1 5/8 to 1 7/8¢ per bu. Feed grains were in poorer demand. Some of the eastern buyers had apparently bought more than they actually needed, but placed orders with several houses on account of the car shortage, and now that they are getting grain a little more freely their appetite

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CHICAGO, 4 April 20, 1945.

To evaluate the wheat market at the present time, it is not simply a question of trying to ascertain the probable size of the crop and the demand from Europe, but many other factors which ordinarily one does not have to consider. First of all, there is the question of the loan, which has been an important item for the past four or five years, and although prices have temporarily declined beneath that figure, the large impoundings have nevertheless been a stimulating factor. Secondly, there is the question of transportation, which at the moment shows some improvement, but it remains to be seenhow much grain will finally come to terminal markets in view of the enormous export program undertaken by our government. The third factor is our ability to move grain into exporting channels on as large a scale as European requirements call for. Up to the present time, or in forty-one weeks, shipments of wheat and flour have totaled about 92 1/2 million bu, and it is rather doubtful whether the clearances will be stepped up sufficiently in the remaining eleven weeks of the season to bring the government's program to the tempo that had been forecast. Furthermore, we must bear in mind that there has been 86 million bu of Canadian wheat brought to this country, of which 35 million will probably remain here, so that for the entire crop-year our net shipments may not be so much larger than were earlier anticipated. We believe that most of the business will be transacted during the 1945-46 season. At the moment mills can sell all the flour they can grind, and surely when the war is over, the European requirements for food will be enormous, but even then some consideration must be given to the quantities which can be unloaded when the grain arrives abroad.

We have observed that since the start of hostilities production in Britain has been stepped-up heavily. Wheat crops which averaged about 60 million bu were gradually increased until 1943 when the yield was in excess of 128 million bu, and even last year with some difficulties a crop of 104 million bu was harvested. The same was true in oats and in barley. The 1939 oat production in Britain was 131 million bu, and since that time we have had three crops in excess of 200 millio bu. Last year's barley production was nearly double the pre-war level. Of course, in the post-war period, Britain's agriculture may not be pressed to the same degree as in wartime, but some of the other countries better suited to agricultural pursuits may surge ahead. The main difficulties will be in getting seed, machinery, and fertilizer. After the last war progress was slow because nations had to depend so largely upon horses, and the recovery was hampered without the use of mechanical devices after the battlefields had been ravaged. At the present time the outlook in France is not too favorable; only 6 3/4 million acres were planted to winter wheat compared to 10 million acres in 1944, although it is hoped that a good deal of the deficiency may be overcome through the planting of spring wheat.

Some attention is being directed to our imports of oats and barley. Since August, 49 million bu oats has come here already from Canada and 25 1/2 million bu barley, but the oat arrivals at the presen time are selling higher than the May future after allowing for import tariff, transportation, etc. However, the demand for feed grains has slackened and there seems to be a period of hesitancy with the country in general looking so beautiful. Conditions in Kansas are optimistic. Winter wheat is growing rapidly in all parts of the State, and it is starting to joint in early-sown fields. In Oklahoma, wheat continues to make rapid growth, with the exception of the far-western Panhandle, where drought and wind have caused some damage to the crop.

Statistics were ignored today, but there was some comment on the fact that the entire Argentine grain market is to be placed under State control. The government plans to buy the entire corn production at 7 pesos per hundred kilos, or about 45¢ per bu. How this will affect exports cannot be determined at this writing. Meanwhile, our feeding situation shows signs of easing. Cash oats at the northwest markets have weakened considerably in the last few days. There is some comment here that in the year ahead wheat probably will not be regarded as a feed grain as was the case during the period when feeds were short This inspired some bearishness, mostly in the deferred futures, while May wheat was practically unchanged.

Rye showed weakness despite the fact that it received some support. It was stated that the CCC was in the market for a quantity of rye flour, probably the equivalent of about 140,000 bu.

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CHICAGO, 4 April 23, 1945.

War news over the week-end was highly satisfactory. At this writing Russian tanks are fighting in the heart of Berlin, and probably occupy one-fourth of the German capital. Even this did not have much influence on our markets, and the trade in general has discounted the fall of that once great city. Weather and crop news fell almost as flat as a market factor, and little attention was paid to additional moisture in the Southwest, (the rains extending into the Texas Panhandle,) possibly for the reason that government support in various markets was construed as temporarily more important. It seems that the CCC regional office at Minneapolis has been making purchases on practically all offers of wheat on basis of $1.70 3/8 Minneapolis, for No. 1 dark Northern spring wheat as far ahead as August shipment. In other words, they were paying the full ceiling plus various charges, and as a consequence of the extremely heavy buying of spring wheat, other merchandisers have entered into large-scale buying operations, propping a market which had previously showed a somewhat lagging tendency. It is also thought that the CCC stands willing to buy corn at various markets, paying the full ceiling price plus mark-ups. Whether this is to accumulate a reserve stock or whether it is for the specific purpose of supplying feed for overseas shipment is not definitely known. In any case, our markets responded to this news, and there was a fair amount of short-covering in all pits.

There was also a settlement announced between OPA and packers to give some relief to the meat industry, with the result that higher subsidies will be authorized. Some construed this as a little bullish on feed grains; corn and oats were also in demand, with higher prices registered right from the tap of the opening bell. At the same time there is some relief in the car situation, and if the European war news continues so favorable, it is logical to expect that there will be smaller shipments to the East with respect to ammunition, arms, etc., although the demand for foodstuffs will undoubtedly continue in full force. It looks to us as though there would be from 2,000 to 2,500 empty cars returned from the eastern railroad to the West daily, and if this is the case some of the troubles which previously had arisen will be greatly relieved. We doubt whether there will be sufficient wheat brought to Chicago to help the shorts much on their May contracts but believe next July it may be a different story.

Minneapolis futures were quite strong. The May delivery there sold at the ceiling, while the July wheat advanced 1 7/8¢ per bu, also indicating a bullish tendency in that market as federal agencies are willing to pay ceiling prices not only for immediate commitments, but for shipments three to four months ahead.

WFA announced recently that a loan rate of 75¢ per bu would be made on rye in the coming year. This will be for grades of No. 2 or better, or even for No. 3 based solely on test weight, but it will be only a farm loan in our opinion, and no additional advances for freight at terminals. Likewise, as in wheat the loans will be available until end of next December and will mature on April 30, 1946, or earlier on demand. This did not have any particular influence on the market but strength in May and the large open interest seemed to inspire further confidence, and prices for this cereal also strengthened.

Primaries of 1 1/2 million bu were about the same as last year, but somewhat smaller than last week. When the visible supply was posted, it showed a decrease of 6,605,000 bu; the total in all positions is 68 million bu compared with 113 million last year, a reduction of 45 million bu. Chicago stocks outside of 270,000 bu bonded wheat are down to 1,140,000 bu, as there was a decrease of 236,000 bu during the week.

Wheat was quite strong long before the visible supply decrease was posted. It is generally realized that we are making big inroads on our reserve, and until the country is able to get cars and ship more heavily to terminals there will probably not be a reversal of this situation. Furthermore, large shipments to the seaboard for export should continue for some time ahead. At the last, wheat prices showed advances of 1¢ for May and July; other months were unchanged to 1/4¢ lower. There was very little pressure in other grains, although at times the oat market was somewhat indifferent. Rye made further gains, but trade was not especially heavy, and in spite of the relief purchases made some weeks back shipments are taking place on a very gradual scale. Winnipeg rye futures advanced more sharply than ours.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 24, 1945.

In addition to the recent rains that have occurred over parts of the Southwest, there was further moisture again overnight, with as much as three-quarters of an inch reported around Wichita. Probably of most importance was the fact that the showers extended into the Texas Panhandle, where it had been very dry. From Amarillo we heard that there had been relief varying from light to as much as one-half inch reported all over the Santa Fe lines. This will undoubtedly improve the situation, although in the Northwest a period of dry weather would be very welcome, as spring work has been making slow progress during the past week. Rain and snow was received over the eastern districts and the whole territory had high winds and cold weather the early part of the week. Later there was some improvement and fair progress on field work was accomplished in the western Dakotas and Montana. However, seeding is now going to be definitely late in Minnesota and eastern North Dakota. According to our informant, it will take a couple of weeks of good drying weather to put much of the spring wheat territory into shape for seeding. As a matter of fact, not too much attention has been paid recently to crop developments or to the actual supplies in the country for the reason that transportation has been a much more potent factor, and even though cars have become more plentiful, this has simply made it possible for larger quantities to be sent to the seaboard for export.

The Commodity Credit Corporation now confirms that they have been purchasing corn in the open market to fill commitments for overseas needs. While not establishing the exact amounts which have been bought, they say that at least 350,000 bu had been acquired recently, and it was also made known by WPB that distillers had been granted permission to use unlimited quantities of No. 3, 4, 5, and sample-grade yellow corn for second-quarter operations. The latter was surmised, and we mentioned it in one of our recent letters, but confirmation of these facts was definitely construed bullish in today's market. There was also an announcement by WFA that they would continue to make purchases of corn, wheat, oats, and rye for export purposes. Nobody can tell whether these cereals will be supported regularly, but it is felt from the information Washington gives out that purchases will be made from time to time for the reason that there seem to be sufficient boats to take grain overseas without interfering with other major export programs. If this is the case, the various markets will receive support by virtue of federal purchases, and it only confirms again the tremendous need of getting grains and feeds into the liberated areas. Probably the most acute situation exists in Holland and Belgium, but, nevertheless, with the thousands of prisoners that are being taken, the Army is doing everything possible to speed up shipments.

Primary receipts were fairly large and amounted to 1,717,000 bu compared with 1,138,000 bu last week, and 2,590,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 832,000 bu. This indicates another large decrease in next Monday's visible supply.

A statement by Judge Jones of WFA to hog producers may have had some influence. He said, "For some time to come there will be demand for every pound of meat that can be produced. Expanded military needs in all theaters of war must be met. Civilian requirements will continue at a high level. There will be need for additional supplies to the extent that they can be provided to the liberated countries. Increasing pork production is the quickest way to increase the Nation's meat supply. The WFA is urging hog producers to meet the fall pig crop goal of 37 million head, an increase of 18% over the number farrowed last fall." In any case there was considerable buying and short-covering in the various pits, and with little pressure except that which came occasionally from profit-taking, our market gained considerable ground. Final wheat prices showed advances of 1 1/8 to 2¢ per bu.

There was quite a large trade in rye. The fact that Winnipeg quotations started advancing before we did probably had some influence, but it is generally felt that the open interest in May is liquidating slowly and that possibly shorts will continue to be on the defensive.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 April 25, 1945.

Short-covering in all pits was very heavy yesterday, and as a result the carryover feeling this morning was quite bullish. A good many people point out, and rightly so, that if the government is willing to pay ceiling prices for wheat in the Northwest as far ahead as next August, there is certainly nothing bearish in the situation. Whether such action will be followed in other parts of the country cannot be stated definitely at this time; nor does anyone know whether the flour subsidy will be extended to a point at which government purchases will be made for months ahead at full ceiling levels. Should the latter happen, it would, of course, influence July wheat for the reason that any miller selling his product 120 days ahead would probably buy new-crop futures on the theory that this is the cheapest protection. Thus there are a great many uncertainties at this time.

At the end of April farmers must decide whether to default on the wheat that they have under loan; otherwise they have a chance to redeem it. At the present time the liquidations are running quite heavy and we note that producers from March 24th to April 14th took up 11 million bu on their outstanding loans, which means that to-date 42 million bu has been paid up. At the peak there was 183 million bu impounded, which indicates that at the present time there is still 141 million bu frozen, but this will unquestionably be further reduced in the next week. We are stressing this at some length for the reason that it is quite important as to how much grain falls into the hands of the CCC. In addition to the amounts defaulted, there are further quantities from previous crops, and the total should easily be half as much as the government figures on exporting. Consequently, the amount of their purchases may not be too large, particularly if there are difficulties in transporting grain to the seaboard as at present.

The Department of Agriculture now estimates that despite heavy shipments, the carryover reserve next July will vary between 350 to 375 million bu. This will be a larger quantity than was held last July and was possibly the reason for some hesitancy in today's market. Generally speaking crop prospects are quite good, although our advices from Texas indicate that the final yields will probably not be as large as the government forecast. There has been some relief in the Texas Panhandle, but in spite of this the April estimate was so big that there may be trouble in finally reaching a crop of 75 million bu for the State.

WFA is at present considering a plan under which all foreign purchases of U. S. grains would be channeled through the CCC. The purpose is to centralize all buying for foreign account, including that for Lend-Lease, UNRRA, as well as for the Army and Navy. The plan also visualizes that such purchases would greatly strengthen the CCC in its program to support grain prices or to withdraw such support when prices rise too fast. Should this plan be adopted, it is not likely that private exporters would be able to obtain licenses to sell grain abroad, and so the trade would be restricted entirely to governmental controls. However, it is described as a temporary expediency, and when the transportation situation eases they say that private foreign buying will again be permitted.

Primary receipts of wheat amounted to 1,150,000 bu compared with 944,000 bu last week, and 1,450,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,432,000.

There apparently is a slight improvement in the car situation Southwest, but still not enough to be a real factor. However, the Bureau of Agricultural Economics points out that Canada, Argentina, Australia, and the United States may have as much as 950 million bu of wheat on hand next July, which is about twice the 1935-39 average of 458 million bu. They say that stocks of this size would be large enough to take care of prospective world trade without drawing on the surplus from the 1945 production. This unquestionably had some influence on prices, as did also an estimate that the rye carryover would amount to about 15 million bu, although this is a reduction from the 31 million bu a year earlier. Of the CCC purchases of 4 million bu only about 2 million bu may be shipped before July 1st, indicating that the export demand is not too urgent, and the balance probably will be cleared during the next crop season. Final wheat prices showed declines of 3/8 to 3/4¢ per bu.

There was likewise some profit taking in other pits. Rye, which had been subjected to heavy short covering yesterday was quite weak today, and this in turn had a bearish effect upon corn and oats as well.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 26, 1945.

Conferees and statesmen of the forty-six United Nations met last night, solemnly dedicating themselves and their countries to the task of working toward a permanent peace. This undoubtedly would have had a stimulating effect upon the stock market this morning, except that the Federal Reserve Bank mentioned the possibility of raising margin requirements on Securities to 100% instead of 50% as at present. With some reaction in New York stocks before our market opened grains eased off slightly, but were also influenced by an order issued late yesterday by the Interstate Commerce Commission to place all grain under an immediate permit system. We have not yet seen copies of the order, although it is our understanding that inbound traffic to Chicago will not be affected except by shipments from the Northwest. However, any grain moving eastward will require a permit, and doubtless the shipper will have to give proof that the grain is needed by the buyer. It is rather difficult to say what effect this may finally have upon our price level. We feel, however, that May wheat in Chicago is in a very strong position. The open interest still amounts to about 11 million bu and is liquidating rather slowly. There is every reason to believe that with small stocks here May wheat may, therefore, finally sell at the ceiling.

The government furnished us with the stocks held by interior mills and elevators, and we are now in position to give the following picture on wheat, exclusive of supplies held by the big mills. This is as of April 1st.

ON FARMS	239	million	bu	vs.	219	million	last	year
COMMERCIAL VISIBLE	99	"	"	"	123	"	"	"
INTERIOR MILLS & ELEVATORS	129	"	"	"	66	"	"	"
TOTAL	467	"	"	"	408	"	"	"

From the above it will be seen that there is 59 million bu more in the three positions than last year. It is altogether possible that the large mills may have smaller supplies than in 1944, and it is also quite likely that in the months ahead, we shall export more heavily than a year ago. On the other hand, the amounts to be fed will undoubtedly be less. All indications point to a larger carryover next July than the one in 1944.

Meanwhile, we believe that crops are progressing favorably; if anything, there has been too much moisture in the Southwest, although this may prove beneficial later on. The Nebraska State report claims that small grain crops in general have made good progress, but there is increasing complaint of slight damage from previous low temperatures. Moisture supply is ample throughout the State. The Iowa report claims that nearly all farmers seeded their oats earlier than usual, and good stands of thrifty growing oats are reported from all parts of the State, but in scattered fields seed has rotted in the ground because of soil temperature being maintained at too low a level for several weeks. As a result some acreage will be re-seeded but most of it will be put into corn and soybeans. Small patches of corn were planted during the past week, but large-scale planting is not likely to be in progress before the second week of May, unless soil moisture and temperature conditions improve rapidly.

Primary receipts of wheat were fairly good amounting to 1,408,000 bu; this compared with 998,000 bu last week, and 1,539,000 bu last year. Stocks at Kansas City and Minneapolis showed a sharp decrease so far this week -- amounting to 1,895,000 bu, and we are bound to have a big shrinkage in the visible supply again on Monday.

With mills in this country working to capacity, and with further purchases of Army, UNRRA, and lend-lease likely in the weeks ahead, there is a rather friendly feeling, even though European developments are extremely favorable, and every indication that the war is drawing to a close. Final prices showed advances of 1/2 to 1¢ per bu.

Corn was a little indifferent at times, but finally responded to strength in wheat and in rye, and closed higher.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 27, 1945.

A winter wheat crop of 863 million bu is indicated on basis of the April 1st government report. Should a crop of this size be harvested, it would be nearly 100 million bu above that of last year and actually 37 million bu above the largest previous winter wheat crop produced in 1931. The reported condition of wheat is the highest since 1919, and we would say in a general way that conditions have been pretty well maintained, although there are some complaints that moisture in the Texas Panhandle has been insufficient, and in other parts of the Southwest, too much moisture has fallen, but even assuming that there should be a loss of 50 to 75 million bu from this very optimistic report there would be no calamity. Kansas weekly report states that winter wheat is making excellent growth and is starting to joint in many fields. Freeze damage is reported as being light. There is likewise good progress in all areas of Oklahoma and the condition of the crop is generally good to excellent.

As we mentioned recently in our letters, it is almost a certainty that in spite of heavier exports, our carryover reserve next July will be somewhere in the neighborhood of 350 million bu. In the first forty-two weeks of the crop season, we have exported about 97 million bu wheat and flour, and having started with total supplies of 1,393 million bu, we feel that even if our clearances are stepped up in the remaining ten weeks, we shall have more wheat on hand than a year ago. The prospective utilization for domestic purposes is now figured at about 930 million bu, and very likely net imports from Canada will be 35 million bu. Also, it is a fact that our feeding operations now are on a smaller scale, and with V-E day approaching, we are told that probably less wheat will be needed for the manufacture of alcohol, and there is some gossip to the effect that there may be another liquor holiday. This was construed as slightly bullish on rye, although after yesterday's heavy short-covering and some further investment purchases, markets became a little hesitant with new buying apparently on a reduced scale.

The intentions of Canadian farmers will not be known until May 9th. Temperatures have ruled somewhat below normal, and this combined with wet weather has further delayed seeding operations in Canada. Since April 1st precipitation has been greater than the normal expectancy over most of Manitoba and eastern Saskatchewan, northern Alberta and Saskatchewan. There has been a deficiency over the dry area in southwest Saskatchewan and southern Alberta, where it is reported that high winds have caused some soil drifting. It should be remembered that abundant rains throughout the growing season will be required to produce a normal crop. Seeding will probably not start before the first week in May over most of Manitoba, and even later in other areas. Their statistical position suggests no reason for alarm on basis of present supplies. Total exports have amounted to 185 million bu compared with 242 million bu last year. Since they started their crop-year with total supplies of 790 million bu and will probably consume only 160 million bu, it follows that there is still 445 million bu available for export and next carryover. We are still importing a fair amount of grain from Canada. Since August 1st more than 52 million bu oats has come here, 27 million bu barley, and 90 million bu wheat, but of the latter a good portion will be re-exported.

Primary receipts of wheat amounted to 1,571,000 bu compared with 1,129,000 bu last week, and 2,034,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 2,163,000 bu. We expect another large decrease in the visible supply figure Monday; a year ago there was a shrinkage of 2,172,000 bu.

There was not a great deal of feature to our market, although there was a fair recovery from breaks. The May wheat delivery seems to be rather firmly held, and the open interest still goes down slowly. The deferred futures were more influenced by new-crop developments, and closed unchanged to 5/8¢ per bu lower.

In rye, the Mayfuture was relatively strong; other futures were weaker on moderate profit-taking. The only feature in oats was weakness in May, with some buying of the later months. Corn was little changed, and trade was light.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 30, 1945.

A few days ago we commented on the amount of wheat in this country as of April 1st, and at that time there was 59 million bu more on hand than last year, exclusive of large mills. On the broadtape this morning, there was an article from Washington giving the total stocks as 563 million bu, which would indicate that 96 million bu was held by merchant mills and by the CCC. This total figure compares with 542 million bu last year, and as we expected, the flour concerns are carrying smaller stocks than in 1944. In any case, we believe the larger exports will be offset by smaller amounts of wheat fed, and possibly even a smaller quantity used for the manufacture of alcohol. Thus, we are quite likely to have more than 316 million bu wheat on hand next July, which was the figure of last year, and it will compare with the ten-year average (1932-41), the pre-war level, of only 235 million bu. The government itself qualifies some of its statements, and while admitting that the total export demand is large says that because of the difficulties involved in getting cars to move grain to ports, any estimate as to the quantity which will actually be exported before July 1st is uncertain at this time. Of course, one of the reasons for exports being such a big factor at this time is because not only the commercial shipments are involved, but likewise the civilian relief feeding, as well as the amounts included under Lend-Lease.

Attention should be directed to the fact that after next July, Europe will also be harvesting its own crops, and at least for the first three to six months, it will not be so necessary to hasten supplies from this side to the distressed areas. Later on there may be greater hardships, but certainly not at the beginning of the crop-season. The intensity with which the war is being fought at the present time also brings up the question as to whether harvests will be good or poor. Certainly with Germany being annihilated, and with a good deal of territory occupied, the crops may turn out insufficient for domestic needs. Elsewhere in Europe many countries are endeavoring to expand their spring seedings to offset reductions in the fall acreage. Some deficiencies were caused by an exceptionally wet fall season, although the effects of military operations were also a factor. It is still unlikely that these spring sowings can be increased sufficiently to accomplish the desired purpose, although increases in acreage are expected in both Argentina and Australia.

Wheat prices currently are the highest in twenty years, reflecting not only the increased demands associated with war, but likewise the result of the high loan. Cash income received by wheat growers in 1944 is estimated at $1,070 million , which is the best since 1920, when it amounted to $1,368 million, but at that time the price to producers averaged $2.14, the aftermath of World War 1.

Following the false peace rumors of Saturday night, the White House has announced that when there is actually any authoritative surrender of Germany to the Allies, it will be announced by the White House. In the meantime, there are unconfirmed reports that negotiations are continuing and in our opinion the end is not far off.

Crop news continues fairly satisfactory, although seeding of spring wheat in the main belt was further delayed by rain, snow and wet fields. Winter wheat is in generally good to excellent condition except in areas where wetness is causing yellowing and rank growth. Additional rain is needed in western Texas, New Mexico, and sections of the Pacific States. Cold weather has retarded the growth of small grains except in the South and in the Pacific States.

Primary receipts of slightly more than 2 million bu were a shade more than last year and compared with 1 1/2 million bu last week. The visible supply decreased nearly 5 million bu, leaving total stocks 63 million bu vs. 111 million last year. A small decrease at Chicago brings our total down to the million-bushel mark. Chicago rye stocks decreased 375,000 bu, but for the whole country there was a slight increase.

Markets at the start were somewhat weaker, but there was no particular pressure. Later the Santa Fe report seemed to be less optimistic on crop prospects and this brought in short-covering. Last prices showed advances of 1/8 to 1 1/4¢ per bu.

Rye, likewise, had a substantial rally, and while it is thought that there may be deliveries of about 2 million bu, they may go into strong hands.

Corn and oats were quite indifferent. May oats were relatively weak, with some easing in the cash demand. Corn bookings were quite heavy.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 1, 1945.

During every major war there are great dislocations with respect to grains and the general problem of distribution. Due to the fact that transportation was such an important item during the present conflict, world shipments of wheat fell off very considerably, with the result that in 1943 history was made when the four major surplus nations had the largest carryover reserves on record. The actual quantity was 1,753 million bu, which was reduced the following year to 1,167 million bu, and it is now thought that by next July there may be a further reduction of 200 million bu, which would mean 950 million bu wheat on hand for the United States, Canada, Argentina, and Australia. This would still be twice as much as the pre-war average of 458 million bu, and it is believed by the Department of Agriculture that the quantity is sufficient to take care of all world requirements without drawing on the surplus from the 1945 production. Of course, it must be recognized that during this period Great Britain added largely to her acreage, and therefore, imports were drastically reduced. The policy of the British Ministry of Agriculture is to get away from high wartime acreage, and it is hoped that no compulsory seeding directions will be necessary for either winter or spring wheat in 1946. How far acreage reduction will be carried is a matter for speculation, but the chances are not more than 2 million acres will be sown in the post-war period, which would be about 200,000 acres above the five-year average of pre-war years.

In the meantime, there will be many mouths in Europe to feed. Furthermore, crop conditions are not too good, and as Broomhall points out, extensive tracts of land in Germany are being overrun by Allied armor at a time when farmers should be preparing the soil and seeding spring cereals with the full complement of labor. Many farm owners with Nazi associations have fled, and the workers, of whom the majority appear to be of allied nationality, are anxious to return to their homes. There are some instances where Polish and Russian laborers have taken over farms and are successfully operating them, but this is the exception rather than the rule, and there seems to be general neglect, which is bound to affect production in the year ahead. Excellent progress is reported for spring plowing and sowing in the United Kingdom, although there are some limitations due to manpower, fertilizers, as well as oil for farm machinery. Seasonal weather is reported in Italy, the Balkans, and Northern Continental countries, where the bulk of the spring crops are progressing favorably. There had been a drought in Spain and Portugal, although general rains have brought some relief.

Had it not been for the enormous quantities of wheat fed in this country, our surpluses would have been burdensome. Last year about 500 million bu wheat went to animals, or almost as much as was needed for human consumption. During the present season, probably 275 million bu will be fed, and figures show that sales by the CCC for this purpose have totaled 131 million bu thus far, but because of the difficulty in obtaining transportation, and because of the availability of corn, oats, and grain sorghums, no further wheat allotments are being made, although contracts already entered into are being completed. In any case sales fromApril to June will be sharply lower than the preceding quarter, when they amounted to 28 million bu. This at least may prove to be a partial offset against the large export program.

Wheat prices were firm on occasions, influenced by the early strength in rye; however, late in the session weakness developed with some thoughts of an early announcement of VE Day. Reports had it that some rye flour had been worked to Europe for relief purposes --the equivalent of 145,000 bu. As for wheat, there was no special issue; parity for the month was unchanged, the flour subsidy was the same as for April, and the weather seems satisfactory with some moisture in the Texas Panhandle, as well as other parts of the Southwest. The Robinson report indicated a yield of 210 million bu for Kansas as of this date. It is our feeling that if there is to be either too little rain or too much that the latter is always preferable. In spite of rather cool weather in the Northwest the past week, seeding has made remarkable progress with the exception of the Red River Valley. In southern North Dakota and southern Montana wheat is pretty well seeded, and they are busy now on coarse grains.

Final wheat prices showed declines of 3/8 to 5/8¢ per bu.

Corn seemed to fare a little better. There was not much pressure, and cash was firm.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 2, 1945.

The late weakness in our market yesterday was predicated on the possibility that V-E Day was just a matter of "hours" away. Just how these rumors emanate we do not know, but apparently the thought of impending peace was the basis for a fair amount of liquidation, and undoubtedly events in Germany were coming to a climax, because after our market closed the report of Hitler's death was broadcast from the Hamburg radio, although there still remains a great deal of skepticism over the detailed account, and many will not believe it until they actually view his remains.

Probably of more importance was a report from the Northwest that the CCC had withdrawn from the cash market, and since they had previously been paying $1.70 3/8 for wheat, which was the full ceiling plus a markup, this was regarded as being slightly bearish. However, today's reports from Minneapolis modified yesterday's statement, and it seems that the government has not completely withdrawn from the cash markets, because they are still willing to buy for deferred delivery in the event shipment can be guaranteed. However, when cars are available they appear to be less aggressive, and this stems from the fact that the CCC has just fallen heir to quite a large quantity of wheat on defaults. As near as we can tell the redemptions up to April 30th amounted to about 45 million bu, but there is always a lag in compiling data, and the chances are that the liquidations have been heavier, but we shall not know about that until a later date. For the present at least, we must go on the assumption that with 183 million bu impounded at the peak, there could be as much as 138 million bu in default, but probably this figure will be reduced by an additional 10 to 15 million bu, although it still represents a fairly large quantity for the government to have in its possession. This will probably go for European relief.

In the meantime clearances from Canada are running pretty heavy. Fort William and Port Arthur stocks during the week were cut 4 million bu, and there is now 36 million bu at those points compared with 37 million bu last year. There were also shipments of Canadian oats and Canadian barley, although in smaller amounts.

The trade here continues in a rather bullish frame of mind, it seems that mills are running at full capacity, and the government would probably buy even larger quantities if the industries were in position to make offers. It is thought that on Friday the government will make a special request for large flour commitments by mills, but we hardly see how the volume can be expanded beyond capacity runs. As of April 1st, the merchant mills of this country held 79 1/2 million bu wheat compared with 96 million bu last year. The CCC stocks amounted to 15,770,000 bu vs. 38 1/2 million last year.

Rye, which had led the weakness yesterday, was sharply higher at the opening this morning. The May delivery recovered lost ground on a report that some export business in rye flour was being considered from Pacific ports. The quantities were not particularly large, nor was there definite confirmation, but with our stocks being reduced each week, even small quantities are having more than the usual influence on the market.

There was little new in crop developments. The government weekly report on grains made mention of the fact that cold, wet weather was unfavorable for growth and development of small grains, and likewise delayed planting in the middle and northern areas. However, winter wheat continues in generally good to excellent condition in most sections, which is the important factor at this time.

Primary receipts of wheat were 1,323,000 bu compared with 1,150,000 bu last week, and 1,440,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,091,000 bu.

With such favorable news in Europe, and the German armies in Northern Italy accepting unconditional surrender, there was some profit-taking from time to time, with the result that final prices showed a decline of 1/4 to 5/8¢ per bu. There is also a slightly easier feeling in cash circles. We believe a few cars of Kansas wheat have been bought to come here.

The deferred futures of rye were under pressure, although the May delivery remains strong, and we did not hear of any tenders. Likewise, the deferred futures of oats, which had been accumulated during the past few weeks, showed signs of weakening, with apparently not the same aggressive support which that market recently enjoyed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 3, 1945.

Under certain emergency conditions, the various agencies of the government are permitted to exceed ceiling prices for wheat or for flour, although to our knowledge this has never been done. While they have been extremely anxious to buy tremendous quantities of flour for European relief purposes, they have observed price limitations the same as private interests, but apparently there has been some confusion of thought owing to the fact that it is not definitely established that the flour subsidy will be extended beyond June 30th. Probably for that reason OPA announced an amendment to RMPR 296, effective today. This will permit millers to contract with the Army and WFA at maximum price levels, with the provision that mills may recoup flour production payments in effect on the date of contract, even if the subsidy payments program is cancelled or later modified. It is considered quite likely that under this change there will be an expansion in the flour business, particularly by mills who had been hesitant in offering their product beyond June 30th. Of course, if the flour subsidy program is extended today's action will not offer any added protection, but in the meantime it does give assurance that the government purchases will remain in effect for some time to come.

In the first forty-three weeks of the crop-year, we have exported 100 million bu wheat and flour, leaving 9 more weeks before we come into the next crop. Probably an additional 30 million bu will be shipped, although some difficulties are already arising, and we understand that with shortage of labor at Houston and at New Orleans, supplies are piling up. Canada in thirty-nine weeks of her season has cleared 193 million bu. This compares with last year's shipments for the same period of 252 million bu. To-date we have imported 93 million bu wheat from Canada, although it is our impression that only about 35 million bu will remain here and the balance will be reshipped. Some of it already has undoubtedly left the country. On the other hand, of the 55 1/2 million bu oats which has come here from Canada and the 28 1/2 million bu barley, most of this grain is being domestically used, and has helped quite a bit in relieving our feed situation. Temperatures in the Southwest were lower than had been expected. Dodge City reported a frost, which will undoubtedly do some damage. The thermometer fell to 33 at Norton, Kansas, and the territory on the Southwest edge of Nebraska complained of low readings, but added that in their opinion the wheat was probably not harmed. It may take a few days before anything definite can be told, but in the meantime it has had some market effect, with a fair amount of short-covering in evidence, and also some investment purchases.

The war news was entirely satisfactory. Apparently peace negotiations are continuing, although there is nothing official announced at this time. However, Hamburg has been declared an open city, and the British troops are pouring in. Likewise, the Germans have claimed that Prague is to be a hospital city, and apparently there will be no effort made to defend it. This leaves small pockets still to clean up. However, the war news did not have much influence today. The OPA announcement, as well as low temperatures, with the late forecast that there would be a hard freeze tonight in Nebraska, with temperatures as low as 25 degrees, kept our markets firm. Last quotations showed advances of 1 1/2 to 2 1/8¢ per bu.

Primary movement due to further easing of cars was fairly large at 1,614,000 bu, or about the same as last year, and compares with 1,408,000 last week. Kansas City and Minneapolis stocks so far this week show a decrease of 1 1/2 million bu.

The Van Dusen report was favorable on Northwest conditions, although seeding has been delayed in a very large area. Prospects for northwest grains are decidedly good at this time.

The strength in wheat led to buying in other pits, and rye was quite strong. Likewise, feed grains benefited with higher closings for both oats and corn. Bookings of corn from the country were quite large, but not much attention was paid to that factor, as the CCC is still making occasional purchases at ceiling levels.

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CHICAGO, 4 May 4, 1945.

Without wishing to belittle either official or private agencies which make crop estimates in April or May, we are prone to agree with Broomhall that it is too early to give definite figures on the prospective yields. In any case, such a good job has been done, barring unforeseen developments, that the comparisons at least are interesting and an index of developments. The government estimate last month for a winter wheat crop of 863 million bu looked pretty high in view of all the hazards ahead. Nevertheless, there are certain known factors at this time: namely, the small percentage of abandoned acreage the abundant precipitation, the general snow covering during the severe winter months, all of which are points in favor of optimism. One of the private experts today gave his estimate cutting the crop about 13 million bu, although we believe that his studies were made before the recent frosts in parts of the Southwest. Not a great deal of concern is felt on the loss sustained, although it may take a little time yet with more growing weather before more accurate knowledge is gained. There was again a frost last night at Dodge City and at Norton. In other words, western Kansas has been visted now on two occasions with morning frosts, although no material damage is expected. At Hastings, Nebraska, the low reading this A. M. was 32 degrees, but that territory is far enough North, and, therefore, attracts less attention.

We are convinced that it is not the state of the wheat crop at the moment which is commanding the trade's notice, but rather the prospect of a tremendous demand which may carry forward even to the new crop, owing to Europe's great feeding problems. As one writer points out, the occupation by Russia of all the agricultural surplus areas of Germany, in addition to the rich soil of Poland and the Balkans and the reputed refusals of the Russians to permit shipments of foodstuffs West of their occupation lines, will throw greater responsibilities upon the Americans and British. As far as we can see, there are no wheat shortages in any of the four large surplus nations with the exception of Australia. However, there do appear to be shortages of meat, and this has already been expressed in many ways. Not only have we had to curtail to some degree at home, but even our armed forces not in the most active service are now asked to accept a 10% reduction in their diet. The Food Investigating Committee has recently estimated that our meat supplies are a thousand million pounds short, and has even suggested that only the armed forces and U. S. civilians will be able to buy meat after July 1st. In other words, the liberated countries and even Britain may be cut off from U. S. exports. This in turn is apt to create a greater demand for grains. The use of more bread would naturally offset the deficiency of alternative foods. Again we quote Broomhall, who believes that "practically all the wheat and rye, and possibly a large part of the barley and maize crops, raised in Europe this year will be needed for direct human consumption-- the reconstruction of livestock herds will be retarded."

Weekly crop summaries from Kansas and Oklahoma are optimistic, Possibly they, too, were compiled before the recent frosts, although they seem to be in agreement that farm work is generally behind schedule due to continued rains and cold weather. Indications for Kansas are that a large acreage of volunteer wheat will be saved for harvest. Also, they comment that rye is heading out nicely. In Oklahoma leaf rust is mentioned, but our experience has been that it takes warm, muggy weather for any real damage; therefore, the present high humidity with low temperatures does not loom as a danger signal, with the possibility that more seasonal weather will unquestionably follow.

Primary receipts of wheat amounted to 1,567,000 bu, which was practically the same as last week, and compares with 2 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of nearly 2 million bu. When the visible supply is posted on Monday the shrinkage will compare with that of last year, amounting to 4,422,000 bu.

Wheat was rather firm, especially the deferred months; there was no particular issue, however, and trade was undoubtedly smaller than recently.

There was also a good undertone to the rye market, but here, too, the volume was smaller. Oats enjoyed a rather healthy trade. There was some liquidation in July apparently by recent buyers, but very little news except that there is not much grain headed toward our market, but demand is slow.

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CHICAGO, 4 May 7, 1945.

When grain men arrived at their offices this morning, most of them had heard over the radio that Germany had accepted unconditional surrender. Apparently the news was first broadcast over German station and was accepted as authentic, but unofficial. It had previously been announced that whenever peace terms had been reached a statement would be made by the White House. In any event, the Associated Press had most of the details, claiming that in a "little red schoolhouse" at Reims, France, which incidentally was General Eisenhowser's headquarters, Germany succumbed, giving up unconditionally to allied forces. After nearly six years of fighting in Europe, the Nazis accepted the terms, and were represented by General Jodl, who made this statement: "The German people and armed forces are for better or worse delivered into the victors' hands."

Our market opened in the normal way, and first prices were rather firm, especially for rye. It seems the one thing in the minds of most people is that Europe will require tremendous quantities of food even after the peace. The Department of Agriculture has estimated that Continental Europe will need about 12 million tons of imported food between August 1945 and the next twelve months. Because of the fact that grains are plentiful, they may be shipped in large quantity. It is also reported from the Capital that plans are under way to ship during the coming crop-year 200 million bu wheat, and approximately 85 million bu flour from this country for European relief requirements. In addition to this Canada is expected to function importantly and will probably furnish 300 million bu wheat and about 60 million bu flour for the same purpose, including, of course, the United Kingdom. These figures have been given out by the Inter-Agency Committee on foreign shipments, and while it is a preliminary plan, it remains to be seen whether freight and ocean transport will be able to fulfill early expectations. In any case, it may tend to keep our market from declining very sharply, at least until such period as the pressure of the new crop is felt.

In past years the loan has acted as a partial floor, and wheneve loan prices fell beneath that level a good deal of grain was impounded Such is not the prospect at the present time, and indications are that the CCC wheat loan this summer will be about $1.37 per bu on the farm. This would be an increase of 2¢ a bu from last season, and if the same method of computation is used, the price at Chicago would be $1.59 per bu. All new-crop futures are selling higher at the present time, but of greatest importance is July wheat, as cash prices will be based on that future. Some in the trade are inclined to be a littl bearish, feeling that if the crops turn out as well as the last government report, with more than a billion bushels wheat on hand, if empty cars can be had, large exports will not be sufficient to maintain prices at a big premium over the loan. This is giving us a little more two-sided market for the time being. However, May wheat stays very firm, and the chances are that shipments from the country or from other points will not be in sufficient volume to give us an abundance of grain in time to satisfy May tenders.

Primary receipts of wheat were 2,071,000 bu, or about the same as last week, and compared with 1,566,000 bu last year. When the visible supply of wheat was posted it showed a decrease of 3,610,000 bu; this cuts total stocks to 59 1/2 million bu compared with 106 1/2 million bu last year, or a reduction of 47 million bu. There was a small decrease at Chicago, leaving only 980,000 bu of wheat at this market, in addition to 39,000 bu of bonded wheat. Chicago rye stocks decreased 245,000 bu, but apparently some of this rye is going to other visible points, as the total for the country showed a decrease of only 110,000 bu.

Led by the great strength in rye, other cereals recovered from any weakness which had developed from time to time, and the close was strong.

The British Ministry of Information stated that tomorrow would be treated as V-E DAY. Regardless of this, today will undoubtedly go down in history as the day of victory over German aggression.

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CHICAGO, 4 May 8, 1945.

The peace-loving peoples of the earth rejoiced early this morning when our President brought us the official tidings of European peace. As he expressed it, it is a solemn but glorious hour. While the news had been fully expected, there was still rejoicing, as Mr. Truman stated, "Although we are sobered and subdued by a supreme consciousness of the terrible price we have paid to rid the world of Hitler and his evil band."

Considering the momentous change which this brings to the lives of civilized people, one might have expected greater changes in the financial and grain markets of the country, except for the fact that today's news had been fully anticipated. It is well to remember that when war was declared in September 1939, the immediate implications on wheat and on other cereals was bullish. War always means extra wastage and devastation, but by the same token, peace reverses many of these processes, and the final end of hostilities in Europe is bound to reduce the demand of wartime, except for the interim period when temporarily relief must be administered. Nobody can be sure whether it will take one, two, or three years to properly coordinate supply and demand, but it is safe to say that if our present crop comes through according to expectations, there will be no shortage of actual supplies. Transportation has been the greatest factor in keeping markets firm, but there should be some easing, since there is no longer the necessity for sending war materials and munitions to Europe. We believe that the trade will slowly come to this sober realization, and with wheat presently selling about 7¢ above the probable loan, markets might easily become more two-sided.

There was also hesitation in our rye market when the opening gong sounded. Apparently a spokesman for the General Foods Corporation revealed that his Company had sold its remaining supply of rye yesterday. It was not stated whether this was cash or futures, nor to whom the sales had been made, but with selling orders predominating in the pit, the May future sold as much as 4¢ per bu lower than the previous close, although recovered quickly from the extreme weakness.

Almost as soon as Mr.Truman and Mr.Churchill had told their countrymen that the European war was at an end, the Department of Agriculture circulated an appeal to farmers to continue their job of producing food. They called attention to the fact that their job must go on day and night until total victory is won. It was made manifestly clear that no cutbacks in food production programs will follow the end of the war in Europe.

The Chicago Board of Trade, realizing its part in the handling and distribution of the farmers' products, remained open until noon, despite the fact that many business houses closed all day.

Little attention was paid to statistics, although some people were beginning to ask about the outlook in the Northwest. The past week was quite favorable for spring work. Seeding made rapid progress in all districts except the Red River Valley and extreme northeastern part of North Dakota. If weather holds favorable, it probably will not take long to finish up the work. With some improvement in the car situation, cash wheat is in slightly easier demand. The mills are still running at full capacity, but with scarcity of labor some industries are claiming that they are finding difficulty in getting cars unloaded when they arrive.

Our markets were all moderately lower. There was no excitement, and whatever liquidation occurred was absorbed in a most orderly fashio

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CHICAGO, 4 May 9, 1945.

Now that the European war is over, thoughts will be directed to the reconstruction period and the aftermath of this bloody struggle. Almost immediately WPB is expected to announce authority for our people to resume limited production of consumer durable goods. Likewise, it has been announced that within a few days American businessmen will be permitted to trade with Belgium, Holland, Italy, and Eastern France. At the same time it must be remembered that victory in Europe will bring only moderate expansion in the volume of export trade. First of all, our government is likely to maintain certain controls, and also many of the European nations will have to do the same for the purpose of preventing a drain of gold and foreign exchange resources. Even though the demands will be very great, there is no certainty that goods will be replenished as quickly as they are actually needed. As for Germany itself, it is too early to make definite forecasts at this time, but in any case our President has already approved plans under which General Eisenhower will start ruling the southern portion of the Reich, which is to be occupied and administered by us. It is also certain that heavy industries will be outlawed in the American zone. Instead the country will be transformed into a predominantly agragnian state, so that production of foods will be a big item, although possibly it is too late this season to get the full acreage under cultivation that is anticipated, but at least the tendency is in that direction. In the meantime, farming in our own country will be maintained at almost peak levels.

Were it not for the tremendous shipments that have already been arranged, our grain market might already have shown greater signs of weakness. It is not very often that May wheat sells at such a substantial premium over new-crop positions when there is a prospective carryover of about 350 million bu. However, the wheat stocks in Chicago are less than a million bu, and not all of this grain could be delivered even if it were all unsold. Cash wheat at Kansas City is offered by elevators at about $1.67 per bu FOB cars, and the demand is anything but urgent. Nevertheless, we have not heard of much grain being shipped from that market to Chicago, so that the outcome of our nearby future is still somewhat uncertain. There have been a great many traders during recent delivery months who have accepted tenders in order to benefit by long-time tax considerations, and the same is possible now. However, as we draw closer to the new crop, we feel convinced that the situation will change. Besides this, there are large quantities of corn and oats on farms, and moderate quantities in commercial channels.

As of April 1st, stocks of corn were about 23% larger than a year ago, while stocks of oats were 4% larger. The Department of Agriculture now figures that next October we shall have a corn reserve of 450 to 500 million bu, which would be more than double that of last year when the carryover amounted to 215 million bu. The number of hogs on farms January 1st was 28% smaller than a year earlier but the weight of hogs being marketed are at record levels, indicating heavy and longer feeding. The corn figures now being compiled are fairly accurate, for the reason that about 70% of the total season's disappearance of corn usually occurs during the first six months of the season.

Primary receipts of wheat amounted to 1,337,000 bu compared with 1,323,000 bu last week, and 1,374,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total reduction of 807,000 bu.

Wheat was lower with some commission-house selling of the distant months, but there seems to be a feeling that even with large commitments to Europe if crop prospects are maintained there should be enough for all purposes. Final wheat prices showed declines of 5/8 to 2¢ per bu.

Corn was rather firm, and the industries are not finding it too easy to make purchases for immediate needs.

Cash oats were 1 to 1 1/2¢ per bu lower, and 45,000 bu was delivered, but still the nearby contract was fairly firm, although at times there was liquidation in the deferred months.

May rye was strong, and the open interest is still 8 million bu, or 50% of the prospective carryover for the entire country. There was some liquidation, however, of the later deliveries.

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CHICAGO, 4 May 10, 1945

Today was the calendar day for selling wheat. It is not mere superstition that the "Voice from the Tomb" should dictate a bearish attitude, for in many years the scenery and the landscape is very beautiful at this period. Many people may argue that the weather has been too cool and wet, but there are many adages which we cannot accurately quote, but which state that a cold, wet May is very beneficial for the farmer. It is true that there have been some sections of the country which may have been visited with too much moisture, but we believe that in spite of this when the government report is issued this afternoon, it will not show a very great reduction from the month earlier. Likewise, the acreage remaining for harvest should be large, owing to the fact that abandonment has been quite insignificant in comparison with other years. The recent frosts in the Southwest may have taken some toll, but we doubt whether this is an important factor.

In peacetime there is another reason for the bearishness which often exists just prior to the new harvest; a good many mills are running at a slower pace, getting ready for inventory, but, of course, this is not true at present as government contracts are keeping most of the industries running at full capacity. Nevertheless, our price level is high, and July wheat is still selling several cents higher than next summer's likely loan. In spite of the fact that a large export business will be put through, we doubt whether the 1944-45 crop-season will go down in history as a very important one, for the reason that the net exports may not amount to much more than 100 million bu, even with subsidies which have been granted to certain interests. On basis of wheat from Canada, which will remain here, estimated at about 35 million bu, and with only about seven weeks now until the new crop season starts, we believe that the figures will bear us out in this statement. Of course, in the twelve-month period ahead, the story is apt to change considerably, but on the other hand, Canada also has very large reserves, and it is reasonable to suppose that with the war in Europe over, they will not wish to carry such large supplies as was deemed necessary during hostilities.

The Dominion Bureau of Statistics at Ottawa will issue a report this afternoon on the intended acreage of the principal crops. Probably 21 million acres of wheat will be planted, which is a small reduction from last year, but still a fair crop is possible on that basis. Thus there will be competition from our northern neighbor except for the wheat which is to be handled through Lend-Lease, and where the price is not a factor.

Argentine supplies, likewise, may be pressing on the market before long when ships become more plentiful, and the high freight rates will undoubtedly be followed by more moderate tariffs, which should facilitate business.

All this news together with a lower stock market brought some selling into our wheat pit this morning, sentiment apparently recognizing that gradual reconversions are going to take place. Nobody can be sure how long the war in the Pacific will continue, but it hardly seems likely that business interests will ignore the complete demolition of German factories and cities. Today a squadron of 400 B-29 planes set fire to oil tanks in Japan, with smoke rising 15,000 feet into the air. It was largely our air superiority in Europe which finally brought the Nazis to their knees, and with Admiral Nimitz promising greater and greater air attacks on Japan, their fate likewise has been sealed.

Primary receipts of wheat amounted to 1,936,000 bu compared with 1,614,000 bu last week and 2,310,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,210,000 bu.

Wheat; as we explained above, was reasonably weak right from the opening, although some support by way of mill buying gave us moderate reactions. The cash situation in corn is strong and this cereal gave ground grudgingly even when other cereals declined. There was some selling in oats but the primary receipts were only 54,000 bu, something almost unheard of, indicating that the producers are not in a mood to sell. Rye was weak on occasions but there was some buying by the same interests which have been bullish for some time. While it is true that the statistical position has been relieved by the recent sales for European relief, it must be remembered that the present price of $1.37 1/8 compares with 45 1/4¢ when war was declared in 1939 indicating considerable inflation has occurred here as well as in other grains.

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CHICAGO, 4

May 11, 1945.

After the close of the market yesterday the government report was issued making the winter wheat yield 835 million bu. This was a reduction of about 27 million bu from the April report, but yet would be the largest winter wheat crop of record if the final harvest were that good. The reductions were mainly in Texas and Oklahoma as we had expected. Due to unpropitious conditions in the Texas Panhandle, the government reduced the estimate for that State by 19 million bu, and on account of excessive moisture in Oklahoma they dropped their figure about 8 million bu for that State, but apparently the frosts in Kansas were not harmful, and a yield of 239 million bu is looked for, although there is still persistent talk of the existence of leaf rust. But we have seen so often in the past that unless we get hot, muggy weather, there is little reason for alarm at this time. In all probability spring wheat, despite some hazards ahead, should turn out with a minimum of 200 million bu, based on the acreage, so that a billion-bushel crop is still quite likely. The situation, however, with respect to rye is somewhat more bullish, and the indicated production is slightly less than 29 million bu, or not much more than last year. While the yield per acre is higher than normal and better than last year, the poor outlook is due to the fact that the government figures that 52% of the acreage will not be harvested. It is a little early in our opinion to come to such a definite conclusion, although generally about half the rye is used for feeding, and is not harvested, but with present high prices there may be a change.

In any case, we must use the government estimate at this writing, and on the assumption that the imports from Canada will be small and that some rye will be shipped to Europe either for the Army or for relief purposes, there is nothing very bearish. At the same time even scarce articles are sometimes affected by an improper demand, and since the adjustment is rather close, one cannot have very firm convictions, although with September rye selling about 33¢ under the price of wheat, it seems like a rather heavy discount if clearances are large. Of course, this is always possible with the European war at an end and the Scandanavian countries possibly buying here because of the fact that they have grown accustomed to rye bread. The trade was cautious, and there was moderate profit-taking on the bulge, with the result that fluctuations ranged within comparatively narrow limits, despite some short-covering. Corn futures were quite strong, and it seems in many of the markets not only are ceiling prices paid, but even two mark-ups, indicating that farmers are not in a selling mood. This may be due to the lateness of the season in certain districts.

Around Springfield, Illinois, they generally start planting about the 3rd or 4th of May, and very little has been accomplished, and at Lincoln fields are wet, so that some delays have been reported, whereas generally they start planting around the 7th or 10th of the month. On the other hand, Bloomington tells us that they are only three or four days late in that territory, and about the same for Hoopeston, all of which is not serious if the forecast for higher temperatures turns out to be correct.

The Canadian report told only of intended acreage, but including fall and spring wheat there will be 22 1/2 million acres, or 96% as much as was sown last year. This is somewhat better than earlier anticipated. However, there are some complaints that top-soil was blowing and that re-seeding would be necessary, but this was not at all general.

Primary receipts of wheat amounted to 1,671,000 bu compared with 1,567,000 bu last week, and 1,875,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,425,000 bu. When the visible supply is posted on Monday it will compare with a large shrinkage last year of 6 1/2 million bu.

After mid-session all markets became more active on the down side. There seemed to be liquidation, which so often is the case after the issuance of a government report. Also unspreading operations by way of rye sales against purchases of wheat weakened our rye market, so that despite the figures published late yesterday there were moderate declines after the early show of strength. Wheat also was lower, with the exception of May; final prices registered losses of 3/8 to 1 1/4¢ per bu.

The primary movement of oats was again next to nothing, but this cereal eased off on profit-taking, despite strength in corn.

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CHICAGO, 4

May 14, 1945.

There were further rains reported over the weekend in various parts of the country, and while wet and cool weather is ideal for wheat, it has retarded field work, and late corn planting has been a complaint in certain districts, but we feel sure that as soon as the weather becomes more seasonal, seeding will get under way with the utmost dispatch. There have also been some delays in Canada with respect to wheat seeding, and this is especially true in Manitoba, but also in parts of Saskatchewan and Alberta. They have had snow and unseasonably cold weather during the past week, and the heaviest precipitation occurring in Manitoba. On the other hand, there are some benefits because there have been quite a number of dry areas in southern and southwestern Saskatchewan and southern Alberta where moisture reserves were below normal.

The trade did not pay much attention to this news, and in fact it was quite surprising at the opening that markets responded so little to a report of further exports for rye. The Commodity Credit Corporation disclosed today that they had recently purchased some rye flour in the Middle West, apparently for Russian account under protocol agreement, but of more significance was the fact that this purchase was only the initial acquisition in an extensive program. We also heard through one of the reporting agencies that CCC was interested in buying a million bushels rye for seed, apparently this to be shipped to European destinations. However, we understand that this news is four weeks old. It is rather difficult to learn why rye for seed would be needed at this season of the year, because in most European countries sowing takes place in the fall, and even where spring planting is desirable, rye would arrive too late to be of much value.

At the opening bell new-crop wheat futures were strong, and there was no particular reason for this, at least as far as we could discern. However, some profit-taking came into the pit, with reactions occurring soon afterwards. The trade was extremely interested in a Washington report that the government might shortly embark on a program to restore economic order for cotton. The plan would take ten years to be fully worked out, but it envisions the prospect of allowing the domestic price to sink to the world level. To repay the farmer for his losses, price adjustment payments would be made between the world level and the parity price of cotton. The move would be in the direction of smaller production, reducing the yield to about 13 1/2 million bales, so that domestic consumption and moderate exports could absorb this quantity without the necessity of piling up burdensome surpluses. The advantage, of course, would be that in making the price competitive with synthetic fibers domestic usage would be increased, and likewise exports would be facilitated. But probably most important of all is the move to get the government out of the expensive business of artificially supporting the price year after year, which has had the effect of placing unwieldy quantities in the hands of governmental agencies. These ideas are not completely new; in fact, they were mentioned last December not only for cotton but for other export articles such as wheat, and doubtless discussions and hearings in committee may focus attention on these important changes in the weeks ahead. This line of thought may have had something to do with the early indifference in today's markets. Otherwise, there was really very little grain news. It seems that the amount of wheat, corn, and rye available for delivery purposes is extremely small in comparison with the large open contracts in the nearby months. Also, liquidation has been going on at a very slow rate, with shorts the best buyers, having taken the initiative on most occasions.

The visible supply of wheat showed a reduction of 3,369,000 bu. Total stocks are now 56 million bu, or approximately 44 million bu smaller than last year. There was a slight decrease in Chicago, with only 885,000 bu remaining here. The primary movement of 2,376,000 bu was larger than last week or last year. The decrease in the rye visibl was only 138,000 bu but stocks in Chicago were reduced 265,000 bu, and apparently some of the grain from here is showing up at other points.

After mid-session, there was a good deal of short covering in all pits, with the possible exception of oats, which have been draggy. At one time Kansas City July wheat sold lower than the probable loan but it also rallied in sympathy with our market. Last prices showed advances of about 3/4¢ per bu.

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CHICAGO, 4 May 15, 1945.

With the liberation of Europe one of the more urgent food requirements will undoubtedly be feed grains and mixed dairy feeds in an attempt to condition livestock for the fall and winter. With the present meat situation in this country, Europe will have to depend more and more on its own resources for such human food. In analyzing the probable supply of feed grains which will be available for Europe, we note with considerable interest the first official estimate of the probable 1944-45 corn harvest in the Argentine. The official figures place the crop of that country at approximately 121 million bu, or only 35% of last year's outturn, which was slightly above average. During the past numbers of years there has been a steady decrease in the acreage planted to corn by our Southern neighbor. From 1932 to 1943 planted acreage averaged approximately 15 1/2 million acres. For the season, 1943-44, there were 10,900,000 acres planted to corn, while for the present season, 1944-45, it is estimated that 9,927,000 acres were utilized. This is the smallest acreage since 1924 and reflects in part the dry weather which prevailed over the early part of the growing season; in fact, the drought was not relieved until the latter part of January. The average yield per acre is given as 12.2 bu against 32.7 per acre last year, when the total crop figured 344 million bu. The ten-year average from 1932 to 1942 was 20.9 bu per acre with yields averaging 325 million bu. So far there are no official estimates on the carryover. The unofficial figures range from 50 to 100 million bu. This variance is due to lack of any definite information on the amount that has been utilized for fuel, and also the amount actually consumed for feeding. Whether the Argentine will need corn for fuel for their coming winter will depend on the amount of shipping available for the importing of coal and also on the quality of the present crop.

Light to moderate rainfall has occurred the past twenty-four hours over portions of the Northwest, while the moisture has been moderate to heavy over central portions of the Southwest. Temperature have fallen over the southern portions of the Central States and Southwest and are now considerably below normal for this season of the year. However, with the prospect of cloudy weather and further rains, do not contemplate any damaging temperatures in sections where wheat is well advanced. The present heavy precipitation is, however, delaying field work, although drying weather in the near future will enable farmers to complete their planting. We had a number of reports from different sections of the wheat belt, and many of them are of the same tenor, with the belief that there has been some deterioration because of the inclement weather. However, most of the reports claim that with a spell of sunshine and warmer weather conditions would improve, and some claim that this would bring an entire correction. One section of the belt, which has less chance for improvement, is the far Southwest in parts of the Texas and Oklahoma Panhandle. This is from lack of moisture, and that after all is more to be feared in crop development than too much moisture. In the Northwest, where seeding has been delayed, and where it has been exceptionally cold, reports are not as optimistic. The season is going to be late, but it is believed that sunshine there, too, will bring a great deal of optimism.

Primary receipts today were 1,639,000 bu compared with 1,363,00 bu last week, and 2,642,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 361,000 bu.

Corn futures sold at the ceiling price today, but there seemed to be liberal offerings at this price. The cash market continues strong, and bookings from the country today totaled only 30,000 bu.

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CHICAGO, 4 May 16, 1945.

Attention is now being focused on growing conditions in the grain belts where wet and cold weather has been retarding the progress of wheat. We have been receiving some reports that, particularly in northern Oklahoma and southern Kansas, wheat is not progressing as well as hoped, and the plant in many localities is rather yellow in color and spindly. It is difficult to estimate as yet what damage has been done, and it will not be evident until warmer and sunnier weather is experienced. Outside of the Panhandle of Texas, other sections must have benefited by moisture, which may prove a blessing when drier weather sets in. The April 1st government report was extremely optimistic as far as prospects for Kansas, Oklahoma, and Texas are concerned. The May forecast showed some deterioration in Oklahoma and Texas, but the probable yield in Kansas was raised to 235 million bu, which would be extremely large, and if this were cut 10% it would still leave 200 million bu. There has been some talk today of freezing temperatures developing in western Kansas, but from a message received this morning the cold temperatures will be more in the northwest sections of the State where no damage is expected to result. The government weekly report states cold, wet weather during the week was unfavorable for the growth and development , although winter wheat was generally in good condition in the main producing areas. Progress in the past week had been poor to fair, with some deterioration reported, as mentioned above. They further report that seeding of spring wheat is nearing completion and that the early-sown wheat is coming up to good stands, although the growth has been slow.

The Commodity Credit Corporation has just issued their final figures on 1944 wheat placed under loans. Their tabulations show a total of 183,264,000 bu impounded, of which loans were made on approximately 48 million bu in farm storage, and 135 million bu in warehouses. Redemptions through April 30th amounted to approximately 54 million bu. There is usually a lag in reporting the redemptions; so the chances are that the final figures will somewhat exceed this amount. Consequently, it appears as though government agencies would come into possession of somewhere around 125 million bu wheat, which to a large extent should be available for the government's export relief program.

As far as feed grains are concerned, present indications point to the fact that the carryover of corn, oats, and barley at the end of the present crop-year will be substantially larger than last year. This is due in part to increased production of feed grains and partly to a decrease in livestock numbers on farms, particularly hogs and chickens. According to the Bureau of Agriculture, the number of grain-consuming animal units January 1st was 147 million bu compared with 171 million the same date the previous year. However, despite reductions the rate of disappearance of feed per unit of livestock appears to be at a near record level.

Primary receipts of wheat today totaled 1,711,000 bu compared with 1,337,000 bu last week, and 1,434,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 710,000 bu.

We had a typical weather market today, with traders in a continual state of agitation over talk of possible killing frosts in the Southwest. We checked this through our own sources, and at the moment see no reason to revise what we mentioned in the fore part of this letter. Our own weather man does not look for temperatures in the Southwest to be lower than last night. Under the circumstances, do not feel any damage has been done at the moment from frosts.

We understand there has been some wheat worked from the Southwest to come to Chicago. While we do not know the final destination of this wheat, there is always the possibility that it might be on tap for delivery purposes. Wheat was further stimulated by strength in rye, and during the session May wheat sold within 3/8¢ of the ceiling price. At the close wheat was 1/4 to 3/4¢ per bu higher.

May rye again showed strength, and at the close last night there was still an open interest of 6 1/2 million bu, with only six trading days left in which to even up commitments. At times during the session oats showed weakness, possibly due to the fact that some Canadian oats may be available for delivery purposes. Cash corn still remains in good demand, with two markups being paid.

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CHICAGO, 4 May 17, 1945.

It is reported that the Secret Office of Strategic Services is in receipt of a peace proposal from a semi-official Japanese source. The provision of the peace-feeler is a promise to bring the Pacific war to an end, provided that the person and institution of the Emperor can be protected and preserved. Of course, this does not meet the allied demands of unconditional surrender. However, as pointed out publicly by Under-Secretary of State Grew, he believes that the Emperor may serve the Allied cause better alive than dead, as the Emperor is the only authority in Japan of sufficient power to force the Japanese soldiers on the Continent of China to lay down their arms in case the Nippons capitulate. However, in following the terms of unconditional surrender, the freeing of the Emperor would have to be at the option of the Allies and not by making his safety a condition of surrender.

In the reconversion from war to peace economy, the London Economist points out that England is now facing the serious problem of meeting a mounting volume of subsidies, as far as food and other constituents of the cost of living are concerned. According to that authority these subsidies have risen from £70 million in 1940 and £140 million in 1941 to a present figure of approximately £225 million annually, or fully one-fourth the entire pre-war budget. There can be no doubt that the government is pledged to full cooperation during the period of transition, but a serious question arises as to the limits to which subsidies can be pursued. The cost of American food, which has been obtained under Lend-Lease terms, has been entered for accounting purposes at the level of prices of 1941, which are, of course, well below the present market level in the United States. It seems bound to follow that an increased subsidy is in the offing when these foods will have to be paid for at present market prices. Also, it seems probable that in the near future larger supplies of subsidized food will be available, thereby entailing increased costs. These difficult problems cannot continue indefinitely, and vital decisions will have to be reached.

From Canada we learn that Manitoba is probably experiencing its latest seeding in history, as the result of wet and unseasonably cold weather. No seeding of consequence has been reported in the Red River Valley. Saskatchewan has about 30% of its wheat seeded, with more progress made in the southwestern section. Alberta also reports about 30%. We are in receipt of a message from one of our Associates who is at Winnipeg today, stating that there have been some showers in Alberta where wanted, but elsewhere weather is clear and better for seeding. He figures that Canada as a whole is probably ten days late and one very well informed authority states that very often crops are better when seeded late, and sees nothing to cause alarm at the moment.

According to Sanford Evans Canadian exports for the first forty-one weeks of the season have amounted to 213 million bu, or an increase of 12 million bu from last week. This compares with last year's figures of 268 million bu, and 8 million bu for the comparable week a year ago. We now figure that Canada has available for export for the balance of the season, and for carryover 417 million bu compared with 430 million bu a year ago. While there is no way to estimate the exact amount which Canada will export for the remainder of the season, it appears that their carryover will be somewhere in the neighborhood of 300 million.

United States has exported for 45 weeks of the present year approximately 106 million bu, and we seem to be running around 5 million bu a week.

Primary receipts of wheat today totaled 2,143,000 bu against 1,936,000 bu a week ago, and 1,332,000 a year ago. So far this week Minneapolis and Kansas City stocks show a total decrease of 1,073,000.

When morning weather reports were received before the opening of our market, it became apparent that some of the fears expressed yesterday over damaging cold weather in our Southwest had not materialized. At the moment weather is moderating and clearing. This had a sentimental effect, causing a sell-off after the bell was sounded. While May wheat held within a very narrow range throughout the session, more pronounced weakness was expressed in the deferred months. There were some small quantities of wheat offered from Kansas City, which if worked could be available for delivery purposes. At the close the market was unchanged to 3/4¢ lower.

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CHICAGO, 4 May 18, 1945

Dry and sunnier weather, generally speaking, now prevails over the major portion of the grain belt, and more seasonable temperatures are being experienced in the Southwest. There seems to be some indication that a showery condition might be developing in the western part of the winter wheat belt, and if this occurs rain would still be welcome in parts of the Panhandle as well as sections of western Kansas. The weekly crop report from Oklahoma and Kansas both mention deterioration of the crop. The panhandle had been suffering from drought, while other sections were having excess rain with some reports of rust damage. However, according to Mr. Donald Fletcher, a recognized authority on plant rust, after a tour of the winter wheat belt, the threat of leaf rust damage to the Kansas crop had passed, and while there probably would be a build-up of leaf rust near harvest time, the infection at that time should not cause any appreciable reduction in yield. He did find some damage from leaf rust in Oklahoma.

Some very interesting comments were noted in press dispatches today with reference to conditions in Russia and in Europe. According to the Department of Commerce, of the pre-war tillable acreage of 375 million acres, Russia will plant this current season about 325 million acres. Those well versed in Russian affairs comment that this should enable the Soviet Union to become nearly self-sufficient in grains and sugar, with a consequent lessening demand from the United States on a Lend-Lease basis. They further mention that during the war period when Russia had lost control of the Ukraine, the loss to some extent was offset by increases of acreage in the southwest Asian area and in the Caucasus. Russia is further cooperating with certain of the Balkan countries and Finland on a barter basis, giving those nations foodstuffs in exchange for other services. Undersecretary of War Patterson, who recently returned from the European theatre, stated that the German people were well-fed and well-clad, and this tends to discount to some extent claims of the urgent necessity for big supplies abroad.

From Argentina we learn through Sanford Evans, that a trade agreement is being contemplated between that country and the United States, which, if consummated, would cover substantial exports of linseed and linseed oil in exchange for fuel oil from this country. This in turn might greatly reduce the amount of corn that the Argentine has been using for fuel purposes during the war period.

While our own country at the moment is experiencing a very acute shortage of meat and poultry, the chick-hatching for April set a new record, and it is estimated at about 9% more than April of last year, although for the first four months, the hatchings are about 2% less than for the similar period last year. Receipts of stocker and feeder-cattle and sheep in the corn belt States of Ohio, Illinois, Indiana, Michigan, Wisconsin, Minnesota, Iowa, and Nebraska, show an increase of 61% over a year ago, and 36% for the four-month period. While this undoubtedly indicates some easing later in the year, at the moment the monthly cold storage report of WFA shows a considerable decrease from a year ago. The frozen poultry stands at about 118 million lbs compared with 130 million lbs a year ago; beef, 191 million lbs compared with 271 million lbs, and pork products 298 million against 784 million a year ago.

Primary receipts of wheat today totaled 1,737,000 bu, which compares with 1,671,000 last week, and 1,557,000 for the same day of last year. So far this week Minneapolis and Kansas City show a total decrease in wheat stocks, amounting to 1,312,000 bu, and when the visible is posted on Monday, it will be compared with a decrease last year of 5,512,000 bu.

There was no grain news overnight and very little feature to today's session. May liquidation seems to be proceeding. Yesterday the open contracts in May decreased about 1/2 million bu, with a total interest of 6,100,000 bu. May wheat was on tap through the major portion of the session. It is reported that another 100,000 bu wheat was booked from the Southwest, which suggests that there might be some wheat available in this market for delivery purposes.

The open interest in rye yesterday declined somewhat over 600,000 bu. It now stands just a little short of 5 million bu. The longs seem to have the better of the argument, and apparently the shorts have to pay up when liquidating.

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CHICAGO, 4 May 21, 1945.

In most years we are quite concerned at this season whether there is insufficient moisture over the wheat belt. This refers not only to the Southwest sections of the country, but also to the spring wheat territories on both sides of the international line. It is true that there are some regions where more rain is wanted, and the Texas Panhandle is probably one example of this; in fact, it has suffered on many occasions even when relief was afforded in nearby localities. As an offset to this, cold wet weather has been so prevalent that the government has been commenting upon slow development of small grains in practically the entire region from the GreatPlains to the Atlantic Coast, except in some sections of the Gulf States. By the same token, corn planting has been delayed, although in spite of scattered showers there was some field work today on the high lands, and our friends are of the opinion that if there is no further moisture overnight, more progress will be made tomorrow. There are a few other sections that need rain: notably, northern Wyoming and New Mexico, but by far the important territories have had enough rain to carry them over for some time. As a result winter wheat generally is in good condition, although some deterioration has probably taken place since the May government report was issued. The plant is beginning to head as far North as southern Kansas and the Ohio Valley, and we doubt whether the recent frost has caused much damage, so that the outlook might easily improve again after we have a few weeks of normal temperatures. The important thing is that with nearly 47 million acres winter wheat remaining for harvest, which is, roughly, 15% larger than last year, and the largest since 1938, the outlook is still very good, particularly since the abandonment has been relatively unimportant.

On the demand side of the picture, everyone is fully cognizant of the fact that the demands from Europe will be tremendous. The writer spent a few days in Canada last week, and some in the trade pointed out that the present program called for 50 million bu to be shipped each month, although there were some doubts expressed whether that figure could be reached. In any case the business is being handled almost entirely by the Canadian government. The private trade has not yet been able to re-establish itself either in Britain or on the Continent. A change may come later on, but it will take time before credits are arranged and the proper machinery is set in motion. Canada is probably furnishing about a billion dollars worth of merchandise toward its share of Lend-Lease, although this covers a multitude of commodities, including meat and other foods, with the result that nobody can be exactly sure of the quantity of wheat that is being given away.

Reports from Washington indicate that the United States is sending live cattle and hogs, seed grain and tools to Europe to help restore the Continent's shattered agriculture, and given sufficient fertilizer and machinery we feel that farmers will recover much more quickly than was the case after World War 1. However, the experts estimate that it may take two or three full harvest seasons to bring European crop returns back to normal, and a good many more years to replace livestock. There is certain to be 65% fewer hogs on farms than before the war, and many of these losses cannot be restored by imports but must be built up from domestic stocks, which is always a slower process.

The visible supply of wheat showed a smaller decrease than in recent weeks, the shrinkage amounting to 1,411,000 bu, which leaves total stocks in the country at 54 3/4 million bu, or roughly 40 million bu smaller than last year. There was a minor decrease at Chicago, which leaves 854,000 bu in our stock, together with 39,000 bu bonded wheat. Rye decreased 1/2 million bu, but only 64,000 bu was at Chicago, with slightly less than 5 million bu in the local supply.

With some exceptions markets were weak right from the start. May corn was frozen at the ceiling, and at times rye futures were buoyant, but enough selling came in to break the price of the May delivery 5¢ from the previous close. The more deferred months were also quite weak, but showed rallying power in the last few minutes of trade. While May wheat was only fractionally lower the deferred months showed losses of 2 to 2 1/4¢ per bu. A good many people figure that with good crop prospects there is no special reason for wheat to sell higher than the probable loan. Of course, the large export program tempers to some extent bearish enthusiasm.

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CHICAGO, 4

May 22, 1945.

With the war in Europe ended, we have been asked on several occasions what the chances were for resumption of futures trading in Canadian wheat. In our opinion there is little likelihood of a change in the present policy during the next crop season. The Canadian Wheat Board is paying farmers in that country $1.25 (Canadian funds) for wheat at Ft.William and Port Arthur, and is thus the main buyer. The government is likewise doing most of the export business, and will probably continue in that capacity until private exporters in the trade are able to re-establish their offices in Britain and on the Continent. For the time being at least the United Kingdom is doing practically all of its buying through governmental agencies, and thus there is no need for an open market at this time. In other words, the trade does not require hedging protection, and from what we gather there will be no immediate reduction in the price paid to Canadian producers but a gradual easing in the support level in the next few years, with the idea of preventing unduly low prices to safeguard against real disaster.

We also realize that during the reconversion period in our country, Congress has decided to support prices at 90% of parity for unlimited production of farm commodities. The chances are that European demands will be sufficiently great to take all of the grains from North America in addition to those from other surplus countries without creating any new problems. However, in the post-war period the situation may be completely changed, particularly if the Southern Hemisphere countries increase their acreage. We have already learned through experience that production control is not very promising. Whenever acres were reduced in one particular crop, they often went into another grain, with the result that problems arose in other commodities. If the land was held idle, fertility increased, and so long as prices remained high better fertilizer and intensive cultivation produced just as much grain as before. Thus, the declines in acreage were very often offset by increases in yields, particularly when bounties were paid to take such land out of production. We do not regard the problem in the United States nearly as seriously as in the other surplus countries, where populations are smaller and where resources are not as great. We have often thought that in a country such as ours, where normal consumption might easily rise to 750 million bu with the extra uses for wheat, it was a rather sad commentary that a surplus of 100 million bu should set the price for the entire crop, often causing disastrously low levels. Whether the other countries can help themselves much when the bulk of their grain has to go into foreign channels is quite another story, particularly if living conditions in Europe are somewhat sub-standard, and where a low rather than a high food price may be essential.

Primary receipts of wheat were 1,921,000 bu compared with 1,637,000 bu last week, and 2,263,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 515,000 b

Before our market opened there was a very large interest in the various May futures --in wheat it amounted to 3 3/4 million bu, corn 1 1/2 million, oats nearly 4 million bu, and slightly over 3 million bu in rye. It was a foregone conclusion that there would be considerable excitement in evening up commitments of this size. Rye afforded the most feature, with prices at one time breaking about 7¢ from the early high, but likewise when shorts tried to cover rallies were almost as rapid. The result was that the close was actually higher than the previous session. In the final minutes of May wheat trading,prices became very strong. This rallied the deferred futures also, and volume of trade was extremely heavy. From now on more attention will be paid to crop reports and general demand. For the momen there is not much pressure, and apparently mills are still able to sel all they can grind. Final prices showed advances of 1/4 to 1¢ per bu.

May corn remained frozen at the ceiling; the deferred months were firm in sympathy with the strong cash position. In oats, the only weakness came in May, apparently quite a little cash was tendered on the nearby contract.

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CHICAGO, 4 May 23, 1945.

The great strength displayed yesterday in May wheat and in May corn was quite impressive. In fact, this was probably the main reason for the early rise in our markets this morning, many people calling attention to the fact that May wheat expired within 3/8¢ per bu of the ceiling, while May corn for several days had been at the maximum price and more cash corn wanted than apparently was offered. It is also apparent that the European needs for some time to come will be very great. Holland and Belgium are probably worse off than any of the other European countries, and it has been a great mystery how they kept alive during the period of German occupation. As a matter of fact, many persons must have starved, and this news which for a time was suppressed is now generally known. Neither of the countries mentioned is physically able to produce enough wheat or rye for its own bread-grain requirements, and in the five years prior to hostilities Holland imported 62% and Belgium 71% of its total wheat supplies. During the war they resorted to every possible emergency, using at times German potato flour, but the bread was very poor in quality, to say the least; generally it was very black, soggy, and sticky, and almost impossible to cut. Since the liberation, Broomhall tells us that there has been an improvement, although the loaf is still far from white. At the present time they are using 40% Manitoba wheat in their admixture, 40% French wheat, 17% rye, and 3% corn, which is imported from the Belgian Congo. Thus, it requires little imagination to appreciate that North America will be called upon heavily in the coming months to take care of these countries, as well as others in Europe, which have been virtually on a starvation diet.

We have mentioned often in our letters the heavy shipments from the United States and from Canada, but always bore in mind that with a billion-bushel crop in prospect for the United States, there was still a chance of having a larger carryover one year hence than will be on hand next July. The Bureau of Agricultural Economics reasons the same, being fully conversant with European needs and the possibility of enormous exports. There has undoubtedly been some deterioration in winter wheat prospects since the May government report was issued. Unfavorable weather in the Texas Panhandle may have reduced prospects further, although a large cut was indicated between April and May. Oklahoma is apparently in very good shape, and seventy grain dealers in attendance at Hobart speculated as to the probable crop for that state; the average guess was 70 million bu. Therefore, taking winter wheat as a whole, a record-breaker seems to be possible, and the next question revolves itself around spring wheat conditions. Up to now cold weather has retarded growth and the crying need is for sunshine and higher temperatures, which would, of course, be extremely helpful. Moderate precipitation was received in nearly all districts during the week. This was particularly helpful in the central and western Dakotas. Light showers fell in the Red River Valley, but despite this, good progress was also made there with a fair amount of field work. Stands and color are good, although some areas look thin and uneven as a result of frost and blowing. The season isdefinitely late, and the same is true, likewise, of Canada.

Primary receipts of wheat amounted to 1,648,000 bu; this compared with 1,711,000 bu last week, and 1,330,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 326,000 bu.

The resignation of Premier Churchill caused some weakness in the stock market, but had very little influence on grains. Another general election will be held shortly, and there is every likelihood since the Premier is leader of the Conservative Party, and at the peak of his popularity as a leader of the government at the time of the German victory, that his reelection is assured. Markets were much mor quiet than during yesterday's session. After early advances there was some profit-taking, and final wheat prices showed advances of 3/4 to 7/8¢ per bu.

Corn and oats were reasonably firm, but they, too, yielded some ground when the leading cereal reacted.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 May 24, 1945.

According to Broomhall, the best international authority on grain, exports of wheat and flour from Canada and the United States will be limited in the present crop-year only by the transport available. He mentions, as we have in our previous letters, that it is somewhat surprising that the shipments thus far from Canada have been smaller than those of the corresponding period a year ago, but explains that this is largely due to the smaller amounts destined to the United States during the current season. The overseas shipments may have been practically as much, possibly larger, but it is rather difficult to trace every bushel of grain in the weekly shipments for the reason that a good percentage of what was sent to our country from Canada was later re-exported, or at least will be shipped in the months ahead. Since the opening of lake navigation, the business has, of course, increased in all directions, with the result that the Canadian visible has declined materially in the past few weeks, but it is still regarded as quite likely that a carryover of 300 to 350 million bu will be on hand on August 1st. Together with the reserves in this country we look for North America to have a total stock of about 650 million bu, which would be only moderately under the 671 million bu carried over in 1944, but yet is the lowest mid-summer stock since 1940.

In view of this fact and the heavy demands made on the milling industry, there does not seem to be pressure at the moment from any quarter. Later on the situation is likely to change, because obviously we are not going to ship our entire surplus abroad, but there are many conflicting factors at the present time, such as the question of subsidy for mills, the car situation, the loan policy, and probably most important, whether or not governmental agencies will be instructed to support grains as was the case last year. It is believed that the Price Control Act will be renewed with the Black-Bankhead amendment. It was the latter which caused so much concern to the grain trade last year because it required the President, according to an interpretation, to take all legal action to bring about parity for producers of basic agricultural commodities. We ourselves could never understand why the law was so regarded in view of the fact that the loan assured producers 90% of parity, and the balance was more or less made up through soil conservation payments. We are rather inclined to the idea that there may not be the support buying in the coming year, although we have nothing definite on which to base this conclusion.

In the meantime, the nation's meat supply will fall far short of hopes by the fall of this year unless some important changes take place. It is considered likely in some quarters that the new Secretary of Agriculture will wish to encourage greater meat production if prices are permitted to rise somewhat further, and this may have occasioned the strength in corn today, although the situation even before now has been extremely tight, and the industries have experienced difficulty in getting all the supplies which were needed. The corn-hog ratio for the week was 12.6 compared with 12.5 last week, and 11.1 a year ago. In virtually all centers there has been stability in the feedstuffs market. Both manufacturers and dealers continue in their eager quest for supplies.

Primary receipts of wheat amounted to 1,830,000 bu compared with 2,142,000 bu last week, and 1,895,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,262,000 bu.

In the fore part of the session prices were rather firm. This was mainly encouraged by the strength in cash corn, and corn futures, but later on some selling came into the pit, and the realization that each day brings us closer to harvest. The first car of new wheat should be in Fort Worth next Monday or Tuesday, probably originating at Crowell, Texas. This indicates that more wheat may be available shortly although our July contract was strong compared to the more deferred months, for the reason that Illinois wheat will not be ready for several weeks yet. With the export program there is no certainty that we shall have sufficient accumulations here for liberal deliveries. Final prices showed losses of 1/2 to 3/4¢ per bu, except July wheat was up 1/4¢.

Rye seems to be a little more neglected, and there is not the same eagerness to trade. However, there was no weakness, and in fact, there was very little feature.

July oats were somewhat lower, but the deferred months held steady.

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CHICAGO, 4 May 25, 1945.

President Truman will address the San Francisco Conference very shortly at its closing session. It is to be hoped that so long as the "Great Powers" do not quarrel, the new organization will be able to prevent minor wars, to smooth out conflicts between its members, and to perform quite a little useful work which the agencies of the old "League" used to do. History has shown that since the year 1480 t there have been 278 wars, and since 1400 Britain has been at war 50% of the time. The same is true of France, while since 1500 Russia has been at war three-fifths of the time. It is, therefore, extremely hopeful that the representatives of the forty-six nations assembled in the West have made some progress for the new world organization, and that at least the views of the defenders and of its critics have crystalized.

When our markets opened this morning, they were influenced by an announcement made late yesterday that a liquor holiday has been granted distillers during the month of July. It is rather difficult to say how much additional grain will be used for this purpose. Unquestionably extra amounts of rye will be needed; but since there is considerable corn already being used for alcohol, which now may be diverted for liquor manufacture, we do not believe that the change is terribly important from point of view of larger consumption, although it is a fact that in making alcohol, there had been quite a little milo ground, whereas for the liquor program the needs for corn may be a little more urgent. In any case higher prices were registered in most pits, and there is still the question of the heavy export program for Europe, although "feeding Europe" is fast becoming one of Washington's "hottest issues." This stems chiefly from the complaints at home that many articles are in short supply, and as one commentator pointed out, with all House members and one-third of the Senate up for re-election, they may wish to change some of the food commitments which had been made prior to the European peace.

In the meantime, crop reports are fairly satisfactory. Some improvement during the week is noted in the Oklahoma Weekly Bulletin. Harvest is expected to start during the first week of June in the southwestern areas. Clear, warm weather is needed for most sections. In Kansas wheat is headed; farm work is progressing satisfactorily except delayed in the east by Rains. The Canadian crop is somewhat late but total moisture is the main factor that governs the yield per acre, and the all-round figure for the three Prairie Provinces, taking into account both growing season rainfall and the reserves that have been stored on stubble and summerfallow land, stands at 92% of normal compared with 80.6% at this same time last year. Alberta, which is one of the largest producing provinces, has a rainfall condition of 80% of normal compared with 67% a year ago, while Saskatchewan enjoys a moisture condition of 93% compared with 87% last year. Manitoba, the smallest producer, has had the heaviest rainfall, its percentage being 125% of normal compared with only 80% last year. Since April 1st, precipitation has been greater than normal over all Manitoba; most of northern Saskatchewan has received better than average in several districts, while the precipitation in southern Alberta is now above norma due largely to the heavy falls during the past week.

Primary receipts were slightly over 2 million bu compared with 1,737,000 bu last week, and 2,364,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1 1/2 million bu. When the visible supply is posted on Monday it will compare with last year's shrinkage of 6,747,000 bu.

Markets were all very firm under the leadership of rye. The one grain which hesitated more than others was oats, and apparently some of the Canadian importations in the East are creating a smaller demand from here. Since last August we have takennearly 58 million bu of oats from Canada, together with nearly 30 million bu of barley; believe most of this grain has stayed in the country, augmenting our domestic supply. In wheat the situation is different --101 million bu was imported, but we believe a larger percentage has been shipped out or at least will clear later.Total U. S. exports of wheat and flour in 46 weeks amount to about 109 million bu. On the basis of 35 millio bu net imports from Canada, the current season will not be such a heav one for clearances, although we expect next season's shipments will be considerably larger. At the last, wheat prices showed advances of 1 to 1 5/8¢ per bu. The first car of new wheat was received at Fort Worth.

Corn was moderately stronger; of course there is not the same buying incentive, with the July delivery pretty close to the ceiling.

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CHICAGO, 4 May 28, 1945.

There had been considerable moisture over the week-end. This centered principally in the Southwest and was not particularly wanted, although relief would have been extremely welcome in the Texas Panhandle, but the latter territory was again unrelieved. There had also been some moisture in Iowa but fortunately that district had progressed better, insofar as corn planting was concerned than Illinois points, so that there was not so much concern from that source. As a matter of fact, reports from downstate were quite favorable. There had been some progress made yesterday in getting Illinois corn in the ground; the weather was fairly good, and it now looka as though it were clearing in the Central States, although there is no warm weather in sight. This all had the tendency of keeping shorts on the defensive, with the result that when our market opened this morning, wheat prices were considerably higher. There is likewise some concern as to whether seeding has been too long delayed in Canada because of the late season, although we have read a very interesting article by the Searle Grain Co. to the effect that there is no need yet for alarm and it does not necessarily follow that if a crop is sown two or three weeks later than usual that the harvest will be two or three weeks late. This is rather reassuring for the reason that Canada often experiences early frosts in fall, but they also point out that new varieties of seed have been developed, particularly of wheat, and are now being used by farmers, and that these mature earlier than the old varieties. Another opinion is expressed by a Dominion Cerealist, Dr. L. H. Newman, who draws attention to the fact that whenever seeding is late, then Nature apparently endeavors to bring in the harvest at around the normal time by shortening the length of the straw and by hastening the growth. Taking all this into account, the season is not the way we would have it if it were a question of choice, but yet there seems to be no need for undue anxiety.

There were other factors during the session accounting for the upturn. It was announced that some time next week the Army would ask for flour offerings for July shipment, and it was intimated that WFA would be in the market for immediate flour procurement, the total amounting to about 4 million cwts. This would be equivalent to nearly 10 million bu wheat when converted, and is, of course, a very substantial quantity, particularly if mills are unable to buy cash wheat and would have to come into the futures market for protection. As a result there was considerable buying this morning and with very little pressure from any quarter, prices rose pretty rapidly. In oats there was covering on talk that a loan and purchase program would be invoked but that this would apply only to the Southern States, including Oklahoma. The rate may vary from 50¢ in Oklahoma to 60¢ in Texas and the Gulf and Atlantic States. The purchase price will be the same as the loan price and will apply to carload lots on track; a deduction of 7¢ a bu for storage on warehouse stored oats. Loans will be available until end of December, as in wheat, and will likewise mature April 30, 1946, or on demand. The purchases will be made until December 31st, unless terminated at an earlier date.

Primary receipts of wheat amounted to 2,332,000 bu compared with 2,748,000 bu last week, and 2,519,000 bu last year. When the visible supply of wheat was posted it showed a decrease of only 1,913,000 bu; total stocks in all positions amount to 52,847,000 bu; this is roughly 35 million bu smaller than the amount on hand a year ago. There was an increase in Chicago of 255,000 bu, but we think some of the grain which was brought here from the Northwest last week was for government account. Rye also showed a small decrease, of 189,000 bu, although the decrease in Chicago was larger --apparently some shifting of stocks prior to the time when it is to be exported. We also note that a cargo of 240,000 bu from Canada cleared, and will probably arrive here shortly.

All markets were very strong, although profit-taking set in and best prices were not maintained. Volume was heavy, and at the last wheat prices showed an advance of 1 1/4 to 1 1/2¢ per bu.

Corn was likewise strong; at one time the July sold at 1.18 1/2, which is the ceiling, but reacted on selling orders, which may have represented hedging, but may also have been profit-taking on part of longs.

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 29, 1945.

Yesterday the House passed and returned to the Senate legislation which would extend for another year from June 30th the subsidy program for flour, meat, butter, petroleum, and strategic metals. Final action now awaits a conference between these two legislative houses, as the lower branch struck out the clause of the bill which originated in the Senate covering some premiums on copper and other metals. The sights of the Army for flour needs for European relief seem to be constantly raised and in some quarters it is even being questioned whether the flour mills inthis country can supply the amount which the Army might ask in addition to our own domestic requirements. In one quarter it is suggested that the mills grind 30 billion lbs flour in the coming year, which would be in excess of last year's record of 26 1/2 billion lbs. The American Institute of Food Distribution estimates that for the 1945-46 crop-distributing year, European needs will be about 375 million bu of wheat in order to prevent starvation and to support inadequate diets in liberated territories. According to reports, unfavorable crop conditions are reported in the Danubian countries, with practically no exportable wheat surplus in sight. The United Kingdom seeded about 1/2 million acres less to wheat this year than the year previous, and one authority estimates that France will have to import the equivalent of 111 million bu wheat if the populace of that country is to be adequately fed. However, in looking at world conditions more optimistic reports are being received from China, where according to Sanford Evans the 1945 crop of wheat in Free China may amount to approximately 593 million bu, and barley 291 million bu. This would be about 30% increase in the amount of wheat harvested in 1944 and 90% larger than the average production figures for the period 1931-37. Their harvesting is not as yet completed and the above figures may be subject to modification.

Some scattered showers occurred overnight in our Southwest but none reported from the Texas or Oklahoma Panhandles. The indications are for scattered thunderstorms throughout the central and eastern portions tonight and Wednesday. The Robinson Elevators' report was issued this morning, and speaks rather disparagingly of the conditions which they found existing in the State of Kansas. They feel that the State will do well to produce 185 million bu of wheat. Of course, this still would be a large crop for that State, but a considerable reduction from early estimates, which ran as high as 235 million. Our own reports do not seem to indicate at the moment as much deterioration as suggested by the Robinson Elevators. From our Northwest, we have received reports from a very well informed grain source that the past week was quite a bit more favorable for the crops in that section, and although the seeding is still incomplete in the Red River Valley they estimate that 65 to 75% has now been finished. From our Illinois offices we are advised that corn planting and field work has made good progress during the past week.

Primary receipts of wheat today totaled 2,385,000 bu compared with 1,921,000 bu last week; there are no figures for a year ago due to a holiday. So far this week Kansas City stocks show a decrease of 194,000 bu.

The market had an easier tone at the opening, partly affected by the overnight news in rye that the War Food Administration had cited several different interests to answer charges of having manipulated the rye market from December 1942 through May 1944. There was some liquidation in evidence at the opening, but markets quickly recovered, although most of the day the best buying of wheat seemed to be confined to the local element, with commercial buying later. At the close wheat was 1 1/2 to 2¢ per bu higher for the active months.

Cash corn remains in good demand, with two markups being paid in many instances. The July future was trading around ceiling price through the session. Oats showed strength in spite of the fact that another cargo of Canadian oats were headed to Chicago. The CCC has just announced a new loan purchase program for 1945 for crops from the Southern States. The loan rate from Texas varies from 50 to 60¢, while from Oklahoma 50 to 52¢ per bu.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4
May 31, 1945.

Nobody was entirely certain when the wheat ceiling advance would be announced, but from all indications it was practically assured owing to the fact that parity prices are about 3¢ higher now than they were a year ago. Thus it was virtually an obligation to the farmer to take into account the improved price relationship. Accordingly the announcement late Tuesday was no great surprise, although it did cause a somewhat bullish feeling in some quarters. The Directors of the Chicago Board of Trade will unquestionably take action within the next few days to compensate futures prices on basis of the advance which has been permitted at the source. Probably of equal importance is the fact that the government, through its enormous buying program on wheat and flour, has always based its operations in conformity with ceiling regulations, and if the flour subsidy is continued beyond June 30th, which is likely, nobody can tell at this time whether the purchase prices during the beginning of the new crop will be continued at present levels or whether they will be placed more in line with present futures prices.

There is some cash wheat already being bought in the Southwest at a premium of 2 to 3¢ per bu over Kansas City July, and since this reflects a price considerably over loan levels, we feel that without a further advance producers of the country would probably sell on a heavy scale. However, if near-ceiling levels are paid by federal agencies for overseas relief purchases, then it might follow that the trade will have to fall in line with these ideas. There is already some buying of futures by mills as a protection against deferred flour sales, but the tempo of this buying is extremely important, and there are a great many uncertainties, which ordinarily one does not have to take into account just prior to a crop movement. As a matter of fact, most flour mills have already advanced quotations of flour to ceiling prices as a result of the 3 1/8¢ advance in wheat maximum.

There has unquestionably been crop deterioration since the last government forecast was compiled, and within the next ten days or so we shall have new estimates based on the June outlook. It appeared right along as though a yield of 239 million bu for Kansas was high, because almost perfect conditions would have to prevail in order to gather that many bushels. The latest Robinson report of 185 million bu for that States is more in line with trade expectations. The results would still be highly satisfactory compared with other years, although would be a disappointment based on first indications. All this is having a sentimental effect upon the trade, as is also the tightness in corn, which may cause processors to look for substitute grains. Very likely the sharp advance in oats may be attributed largely to such reasoning.

Primary receipts of wheat over the holiday amounted to 3,212,000 bu compared with 1,830,000 bu last week, and 2,408,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 617,000 bu.

In looking over statistics we find that in the first 47 weeks of the season exports of U. S. wheat and flour amounted to 112 million bu, and imports from Canada remaining here will probably amount to about 35 million bu. In 43 weeks, or since August 1st, Canada has shipped 231 million bu compared with 285 million a year ago, or a reduction of 54 million bu, made up largely through smaller shipments to the United States.

Our markets were rather firm at the start, but when the rye market eased there was sympathetic selling in other pits, including oats. It is difficult to give the exact reasons for the break in rye, although a recession of 4¢ at one time at Winnipeg in the expiring May future caused comment here, as did also the WFA case against certain longs over alleged manipulation of markets, showing that the respondent corporation in the case owned 9 1/4 million bu of rye on May 27, 1944, while the other respondents held approximately 2 1/2 million bu, with the result that the combined holdings were approximately 89% of the total deliverable supply in Chicago --an unprecedented amount in respect to the storage of rye in public elevators at Chicago. On the break in wheat, mills were apparently covering futures, with the result that the deferred months recovered, although July wheat was slightly lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 1, 1945

There continues to be talk of excessive moisture over rather wide districts, and this is true not only here, but also in Canada, where the season is late and where Manitoba has complained that a good many fields have been under water. We are always much more concerned with drought than we are with too much rain, and even now we have the feeling that the Texas Panhandle, because of a prolonged dry period, is suffering more than other parts of the belt where probably more than normal moisture has been received. The fact of the matter is that most experts are in agreement that adequate moisture still is the greatest single factor in determining annual yields. The western third of Kansas, which is semi-arid, had a series of poor crops for many seasons, and during the drought period we had four successive years when our entire wheat production was smaller than actual consumption. In the Great Plains States, which have 40% of the national acreage under crop, it has been found that the yields are almost directly proportional to moisture supply measured by the current seasonal rainfall and reserves from the previous season. Furthermore, it should be borne in mind that the effects of drought and of wet weather tend to be cumulative. According to expert calculations made by the U. S. Department of Agriculture, three inches of extra rainfall in one crop-year would mean an extra inch of rainfall for crops during the following season. In other words, even though the wheat plant has the capacity to absorb a heavy amount of moisture, there is some left in periods of excessive rainfall, which proves valuable in the form of subsoil moisture for the next crop. Conversely, after a season of deficient rainfall, the following season's crop is initially handicapped by absence of moisture reserve; and so it is that poor crops are often followed by poor crops, as was the case between 1933-37. Also, it follows that good crops are often followed by good crops, as has been the case during the recent war years. Naturally there are some exceptions, but yet we look favorably upon the moisture which has recently occurred, despite some complaints in local areas.

There was considerable rain overnight but it centered principally in Iowa, and weather in the Illinois corn belt was more favorable. The forecast suggests summer temperatures with little likelihood of anything but scattered showers, and this may have had some influence on our market this morning.

The loan price, which was announced after the close of the market yesterday, showed a 3¢ advance for wheat either stored on the farm or at terminals, and since parity has advanced in the same proportion during the past year, this furnished no surprise. We show below the history of the wheat loan since its inception, both for farm prices and for Chicago, and it will readily be seen that since 1938 the rise has been uninterrupted, and it is now sharply higher than when the plan was first adopted:

WHEAT LOANS

	1938	1939	1940	1941	1942	1943	1944	1945
Average Loan-								
Farm Basis	53	64	65 1/2	98	114	123	135	138
Chicago -	77	80	81	115	132	142	156	159

Primary receipts of wheat today were quite good, and amounted to 3,102,000 bu compared with 2,011,000 bu last week, and 2,104,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,046,000 bu. When the visible supply is posted next Monday, it will compare with last year's shrinkage of nearly 3 1/2 million bu.

The flour business has been keeping up at a good pace; recently a considerable volume of flour was sold to the bakery trade, but in addition to this it is the extra demand from Army and WFA. Some hedges covered today suggest that the same type of business was transacted. According to WFA, a large amount of flour is still needed for stockpile purposes, and estimates run as high as one million cwts, besides which some purchases will undoubtedly be made by UNRRA. In spite of all this our markets were weak at times, especially when Winnipeg July rye sold down the 5¢ limit. However, recoveries were almost as spirited. The market really could not be termed as being very weak.

Rye futures, while weak the early part of the session, showed considerable strength later on, especially for the deferred months. There was some weakness in July oats, which lost a good part of their premium over the September delivery; selling, however, was not particularly heavy.

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CHICAGO, 4 June 4, 1945.

It seems that during every war our wheat consumption is very materially increased, although the reasons have not always been the same. At this point we should like to mention that during World War 1, when France was devastated, her manpower was greatly reduced for agricultural pursuits. It was necessary to export wheat from the United States on a vast scale, and even then it was a question whether we could get sufficient supplies to our Allies for them to carry on operatons on a complete scale. During the past three or four years, European demand for wheat has not been particularly large. Canada did the bulk of the business owing to the fact that the haul from Southern Hemisphere countries was too much of a strain upon ocean tonnage. There were some shipments made from the United States, but far greater quantities were used for feeding purposes. Russia in particular wanted concentrated foods, so that our wheat was used largely as an animal feed. Last season in this country as much went for non-human use as for domestic flour consumption, thus creating a completely new precedent. During the present crop-year, less wheat was needed for animals and now with a total carryover of old-crop feed grain considerably larger than last year, and with our prospective feed grain production favorable, as indicated by the May 1st outlook, the U. S. Department of Agriculture claims that smaller quantities of wheat will be fed in the next crop-year than in the last three seasons.

At the present time there is an abundant soil moisture reserve in almost all sections of the country. However, cold, wet weather during much of April and May has retarded to some extent farm operations. Furthermore, with the relatively large supplies of feed grains on hand and in prospect in relation to the number of livestock on farms, the same official source estimates that prices of feed grains in 1945 will average lower than in 1944. At the moment indications are for moderating temperatures and better weather. Not only has this country been retarded by the elements, but in practically all districts of Canada, the season is from two to three weeks late. Cold, wet weather up there has delayed ground operations since the early warmspell in April. In any case wheat seeding in the Prairie Provinces is now nearing completion, and the sowing of coarse grains is well under way in Alberta and Saskatchewan. The one Province that suffered the most was Manitoba, where operations have been less rapid, although there is progress again now under more favorable weather conditions.

Despite numerous complaints at home, WFA points out that growing conditions during the past week were more favorable for the development and growth of small grains, although more sunshine and warmth is needed. In most areas winter wheat made good progress, and is showing a better color, especially in the Ohio Valley. The plant is heading quite generally in the central portion of the belt. Harvesting has started already in southern Oklahoma, while wheat is generally heading in southern Kansas and about three-fourths headed in southern Missouri.

On the demand side of the equation, Washington reports that the new Secretary of Agriculture will be more demanding than his predecessor in his dealings with the Army buyers. He will probably force them to prove their needs for food instead of just calling for greater quantities based on European relief. There is the feeling that the military buying practices and policies should be sharply improved in order to relieve the strain on the civilian food distribution.

Primary receipts of wheat of nearly 2 million bu were slightly smaller than last week and last year. When the visible wheat supply was posted it showed an increase of 2 1/2 million bu, making total stocks 55,300,000 bu, or about 29 1/2 million bu less than a year ago. There was an increase of 575,000 bu at Chicago, building up our stocks to 1 1/2 million bu.

In view of some rains in the Texas Panhandle where needed, and clearing weather elsewhere, there was some liquidation, although there were reports of some flour business apparently to governmental agencies, and more is expected during the next day or two. This may cushion declines, but when the movement starts in earnest we look for further weakness. Last prices showed declines of 5/8 to 1 1/8¢ per bu.

Rye was quite erratic, but best levels of the day were not maintained. Both July and September corn sold at the ceiling during most of the session, although in the last half hour of trade the September future reacted fractionally, so that trade could be resumed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 5, 1945.

It is difficult to imagine what would have happened in this country had we not raised bumper crops during the last three or four years. Mr. Marvin Jones recently sent a letter to members of the Senate and House of Representatives calling attention to the following facts:

"1. The United States has produced 50 percent more food annually in this war than in World War 1.

"2. With ten per cent fewer workers on farms, and with total national population up a third, our people have had about 10 per cent more food per capita during this war than in the 1917-18 period.

"During the present conflict, twice as much food has gone annually to the armed services and for overseas shipments as was used for those non-civilian outlets each year of the last war."

He pointed out that this record had been accomplished notwithstanding a shortage of labor and machinery, and other handicaps. Referring more specifically now to the articles in which our readers are interested, we call attention to the fact that grain production is very much greater now than it was prior to World War 1 and the production at the end of hostilities in 1918, as the following figures will demonstrate:

(Million Bushels)

	1910-14 Average	1918	1944
Wheat	724	904	1,079
Corn.	2,614	2,441	3,228

Coming now to the 1945 crop, as far as winter wheat is concerned, there is still reason for optimism, although the Galvin report, which was published this morning, shows a reduction of about 48 million bu from the government estimate in May. His figure on production is 787 million bu, which is still larger than the yield a year earlier when we raised 764 million bu; therefore, must still be regarded as extremely satisfactory, notwithstanding the decline during the past thirty days. When we add also a prospective spring wheat crop of 282 millionbu, which is likewise this expert's figure based on current condition, we may still look forward to a billion-bushel wheat crop, which is highly encouraging. There is one factor for which we should be duly thankful: namely, the small abandonment. Conditions were so propitious during the winter months that the standing acreage of winter wheat appears to be nearly as large as the area planted, and this likewise is exceptional. It is, of course, too early to say much about corn, although in spite of the backward season, farmers are complaining very little. Seeding is making better headway now, and with ample moisture, germination should take place quickly. The oats condition is slightly better than last year, and possibly 2 to 3% higher than the ten-year average. Even with a somewhat smaller acreage than had been intended, the chances are that given a few weeks of sunshine, the crop will turn out better than average, which likewise is all that can be expected.

Primary receipts of wheat were quite large and amounted to 3,344,000 bu; this compared with 2,385,000 bu last week, and 2,165,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 125,000 bu.

It was apparent right from the opening that wheat longs were on the defensive, although there were some recoveries from the low point of the day. While probably a large volume of flour business had been put through there was little evidence in the pit of hedges being covered, and this likewise resulted in an easier feeling. Forty-five cars of new wheat were received at Enid. Some cars tested as high as 64 lbs to the bu, indicating good yields per acre; protein average is only about 11 1/4%.

It seems that during the past week good rains in eastern Montana and eastern portions of the Dakotas was favorably construed. Spring work, however, has made slow progress in the Red River Valley, and with additional moisture received farm work was retarded. The main comment Northwest seems to be the moisture situation, which practically over the entire territory is uniformly good, and which suggests high yields. At the last wheat prices were unchanged to 1¢ per bu lower.

Corn futures firmed up in the last hour of trade, and there is some speculation as to whether or not the Board will penalize shorts who defaulted on May contradts. Action by that body is apt to have considerable influence on the more deferred months.

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CHICAGO, 4

June 6, 1945.

Since the middle of last month when European peace was officially announced, there has been very little news from Europe with respect to crops. We expect to gradually receive more complete reports, which were naturally under censorship during hostilities, but about all that can be said at the present time is that recent weather in Europe has been ideal for growth; temperatures have been much warmer there than here. Showery weather has been experienced in most countries and spring cereals everywhere are growing well, while the winter wheat looks better now than it did thirty days earlier. In spite of all this the food production is expected to be 5 to 10% lower than 1944 due to the fact that acreages in many of the Continental countries were cut as the direct result of war. Labor was scarce, land was mined, fuel was in short supply, and the fall of 1944 was unpropitious for heavier plantings. Added to this is the fact that both Spain and Portugal have experienced a prolonged drought, and probably the production there will be considerably less than the previous season. Also weather in Algeria, Tunis, and Morocco was bad, as they likewise had a drought and at the present time they are actually importing grains from France, while ordinarily the reverse situation might be expected. As an offset conditions are generally favorable in Russia, and the acreage under cultivation should be greatly in excess of that sown in 1944, but there are some complaints of subsoil moisture being inadequate, and the only compensation is that with collective farming there has been a move to correct this situation by conserving moisture from the melting snows.

In any case European demands will be enormous. Nobody can say exactly how large, but it is altogether possible that world shipments in the twelve-month period ahead may run as high as 800 million bu, which, of course, includes some smaller quantities furnished by Australia and by the Danubian countries. In a statement prepared by the U. S. Agency Committee on Foreign Shipments, it was tentatively figured that the liberated countries and the United Kingdom, as well as some of the other nations, might take about 650 million bu wheat from Canada and the United States, of which quantity 375 million bu might be cleared by Canada and the remaining 285 million bu from the United States. Of course, such estimates are only preliminary, and there may be great difficulty in fulfilling those requirements, for the reason that both here and in Canada transportation is still a very vital issue. Some shortages of cars are again reported in certain parts of the country, and there is bound to be a strain, as was the case last year in getting grain to the seaboard. Nor is this the only consideration, because even when the wheat arrives in Europe, port facilities for handling bulk grain have been damaged to such an extent that it will not be an easy matter to take care of unloading when the boats reach their destination. Furthermore, bags and the facilities for handling the grain in North America are not available at this time to take care of such a volume of traffic. At the present time mills can sell to governmental agencies about all they can grind; and since most of the processors were working to capacity last season, there is little chance of doing any more business in the period ahead.

Meantime, the movement in the Southwest is progressing slowly, as wet weather has again become a factor, and the temperatures are below normal for this time of year. Enid today had 29 cars of new wheat. The test weight of most cars remains high, and the protein average was 12.12%, which was a little better than yesterday.

Primary receipts of wheat amounted to 2,411,000 bu; a week ago was a holiday, and last year they were 1,851,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 341,000 bu

There was further flour business reported, but not a great deal of hedge covering. With little buying incentive, the wheat market eased further, but recovered partially when rye and oats rallied.

The government weekly crop report was generally favorable, although claimed that winter wheat required warmth and sunshine. The crop is headed as far North as Illinois, and is heading in Nebraska. Despite low temperatures corn planting has made considerable advance during the week. In the Ohio Valley plantings have been pushed wherever possible, and some farmers have been working day and night using four-row planters. The deferred months of corn were slightly easier.

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CHICAGO, 4 June 7, 1945.

Despite the fact that there is still great caution on part of investors and that profits have been taken in securities from time to time, recessions have been limited, and probably one of the main factors is the inflationary setup, which has grown to such an extent that sometimes we are not completely conscious of what has taken place. Everyone knows that because of war we have spent some $300 odd billions on an economically unproductive purpose, but besides this the money now in circulation is about $25 billions (outside of the bank) and is rising at the annual rate of about $5 billions. The total bank deposits other than interbank and government balances are over 90 billions, and they, too, are growing at the rate of approximately a billion dollars per month. Total per capita purchasing power actual and potential was scarcely more than $450 in 1933, but $1,400 by the middle of 1944, and presumably it will be $2,500 a year hence. This digest comes to us through Dr. Melchior Palyi. In the meantime, of course, we have price control and rationing, but they work only so long as the public refrains from competing for goods, and even now there seems to be some question as to how long a period will be required before we get back into peacetime production on a scale large enough to satisfy consumer spending.

When our market opened this morning, there was very little feature. Wheat prices were slightly lower, and it seems to be the consensus that, despite further rains in the Southwest, the crop is not being damaged. There may be lower quality wheat in some sections and the protein content may be poor, but whether the bushels are actually affected is another question. With a yield of a billion bu or more likely, the tendency would normally be in the direction of lower prices. However, the export program upon which we have embarked is so tremendous that a fairly high price is almost assured, particularly with a good chance of wheat going into the loan should there be a break of 5 to 10¢ from the present range. Ex-President Hoover stated yesterday that overseas emergency requirements should not count for more than 150 million bu wheat. This figure, however, is somewhat misleading, because there are a great many people in Europe who are in position to pay for their grain, and will probably buy it from the exporting countries, and yet consumption of that type has not been included in Mr. Hoover's figures. As we pointed out yesterday, North America is apt to furnish as much as 650 million bu during the coming season if transportation is available, but a good deal depends also on the quantities which the mills can grind, and most of them have been working to capacity for manymonths.

Firmness in our market today was occasioned largely by local buying. These traders pointed to the fact that practically all cash wheat in the Northwest is holding at or near ceiling levels. They also remarked that the better protein wheat in the Southwest was at about maximum levels, so that only the poorer quality wheat was being offered at discounts. In view of the fact that July wheat in Chicago is from 13 to 14¢ under the ceiling, they figured that this was a fairly safe investment. Whether such reasoning is correct on the eve of a movement is difficult to say. It is almost as much of a speculation whether July wheat now commanding a premium of several cents per bu over September will remain in that relationship, provided we can build up a stock here in Chicago, but in any case it may be safer to predict that with smaller supplies at terminals, and because of the vast government program, the chances for a carrying charge are not very good. There may be a tendency in that direction between now and December, but we see little likelihood of May wheat gaining much ground on December, for the reason that there are too many abnormal factors present.

Primary receipts of wheat were 1,859,000 bu compared with 3,212,000 bu last week (which was a two-day period), and 2,132,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 531,000 bu.

Our markets were rather firm. There is no pressure yet, and with the possibility that transportation may soon become a problem, there is less desire to play the short side. July wheat at the last was 1/2¢ per bu higher. The deferred months were lower.

Corn and oats were firm. We believe that feeding operations are attractive; the Chicago corn-hog ratio this week was 12.3, the same as the previous week, and compares with 11.2 a year ago.

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CHICAGO, 4 June 8, 1945.

The wheat situation is about as confused at this writing as we have ever seen it. Based on present crop prospects, there is every reason to believe that we shall realize a total production of one billion bu. The export demand will be heavy, and if transportation facilities hold up we may ship 250 million bu, or more, from the United States, but considering that our carryover on July 1st will be about 350 million bu, it does not present any great problem. Even the market effect may be minimized owing to the fact that as near as we can figure the CCC already owns about 140 million bu of wheat, or possibly more.

We arrive at this conclusion by virtue of the fact that the government full title to 133 million bu wheat on April 30th-- this being the difference between the total amount impounded and the redemptions. They probably also held about 40 million bu of wheat from previous crops. Since that time the CCC has probably purchased about 10 million bu, raising their holdings still further; There was very little reduction through feeding channels since most of the grain was held in reserve for European relief. We doubt whether total wheat and flour exports are in excess of 20 million bu per month, so that the picture the middle of June is about as we have indicated, and suggests that with 140 to 150 million bu wheat under government control that to carry out their vast relief program for exports, they may have to purchase only an additional 100 million bu of wheat and flour during the next twelve months. On this basis one might venture the opinion that many of the factors are pretty clearly defined. However, with industries and some feeders finding it difficult to get their normal corn requirements there may be a heavier drain on wheat, and distillers at the present time are only permitted to use about 50% corn in their grind, so that the balance is made up of various other grains, including granular flour. Of course, allowance has been made for this in our prospective utilization, but whether larger amounts of wheat will be needed cannot be foretold at this writing. Furthermore, there is the car shortage which may impede the movement to market. Since mills are grinding at full capacity we have this further uncertainty of getting supplies available to processors, which may tighten the nearby position; this has already affected July wheat in its relation to the deferred deliveries.

In three weeks the current crop season will be completed. During the first 48 weeks we have shipped about 115 million bu of wheat and flour, but considering that about 35 million bu of Canadian grain, which was imported, will remain here, the net clearances will be rather small in comparison to the crop, but we expect that exports during 1945-46 will be a good deal heavier. Since August 1st Canada has sent 107 1/2 million bu of wheat to the United States, together with 59 1/2 million bu oats, 51 1/2 million bu barley, and about 3 million bu of rye. The coarse grains have augmented our domestic supplies, but as previously mentioned the bulk of the wheat has either been re-exported or will gradually leave these shores since the government has intentionally kept our net imports to a minimum, figuring that domestic supplies were adequate.

Primary receipts of wheat were 2,137,000 bu compared with 3,102,000 bu last week, and 1,769,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 606,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 3,375,000 bu.

Markets were firm all during the session, but there was some contraction in volume of trade. As yet there is no pressure from the country, although the Southwest movement is enlarging to a slight degree, but not yet enough to make itself felt. At the last wheat prices showed an advance of 7/8 to 1 1/8¢ per bu.

Trade in corn was extremely light. One of our friends at Kankakee, Illinois, returned from an extended trip; he found that the eastern half of the State had completed planting operations in good order, the seed having gone into the ground between the 25th of May and the 2nd of June. The southern portion of Illinois was late, but that area is less important crop-wise. There may be some reduction from intended plantings.

The oats look wonderful, and the cold weather early apparently did little damage.

Rye was strong in sympathy with higher markets at Winnipeg.

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CHICAGO, 4 June 11, 1945.

Sentiment in grain circles was slightly bearish after the close of the market on Saturday. This was based on the quick reactions which took place in rye and in wheat after rye had made seasonal highs. It seems, however, that it does not take large buying or selling orders to easily influence the price level, owing to the fact that there are so many uncertainties that the local crowd runs very quickly in either direction. The question of transportation has everyone guessing. First of all, there were not the number of empties on the sidetracks which are generally necessary to take care of the post-harvest movement, and while thus far the demands have not been very great, it appears that the first run of wheat in Oklahoma is beginning to pile up, and four elevators late last week turned away loaded wheat trucks at El Dorado because they could not store the grain, being unable to get rolling stock to move previous supplies to terminal markets. This suggests that within the next two weeks when the Kansas wheat is ready to move, similar difficulties may develop except on a larger scale. However, there are plans afoot for providing more box cars, and the Association of American Railroad officials and various transportationofficials of western grain lines met here in Chicago Saturday, although up to now they have failed on agreement for any method to relieve the shortage in the Middle West. Another meeting is planned in Washington, and it is hoped that action will be taken to bring relief. Our own suggestion would be to divert all the freight cars possible for the next four to five weeks to grain areas, even at the expense of letting other shipments suffer. We say this being fully mindful of the great importance of food in the war effort, and we appreciate that a billion-bushel crop is not completely gathered until it is safely and adequately stored. There are some complaints of excessive moisture in the corn belt, and this may finally necessitate heavier feeding of wheat.

Our government contemplates shipping around 800 million lbs of meat from the United States during the first half of the year. This food will go largely to USSR and the United Kingdom, although as an offset our own armed forces expect to procure during the year from Australia, New Zealand, and Argentina approximately 770 million lbs. Few people realize the help that we are getting from other sources. There are those who criticize Canada for not having rationed meat except for a brief period, but they overlook the fact that at the same time Canada shipped so heavily for overseas' requirements --otherwise, there would have been even a greater strain on our domestic demands. Canada is supplying meat on a very heavy scale to the United Kingdom, and even now has contracted to furnish a minimum of 500 million lbs of bacon and beef in 1945, and it is thought that this amount may be substantially extended. In 1944, they undertood a similar commitment but shipped about 375 million more lbs than they had pledged; also, an estimated 50 million lbs of canned meat was scheduled by Canada early this year for feeding the liberated areas. Much of this has already been shipped and the quantities may finally be larger than promised. Our own meat production this year will be about 9% below the record 1944 figure, but should be 39% above the average of pre-war years. This year's reduction is due to a 20% decline in pork production, stemming from the smaller 1944 hog crop, which was made necessary by reduced feed reserves.

Primary receipts of wheat today were not particularly large; they amounted to 1,667,000 bu compared with 1,951,000 bu last week, and 3,320,000 bu last year. When the visible supply of wheat was posted it showed an increase of nearly 3 million bu; total stocks in all positions are 22 1/4 million bu smaller than a year ago. In 1944 at this time the visible decreased more than 3 million bu. Here at Chicago there was a small increase this week of 245,000 bu; total stocks are 1,780,000 bu.

The nearby delivery was rather firm today, some selling came into the distant months. The same was more or less true in oats, but it seems that the car shortage is giving concern to hedgers; also we find some buying of July wheat and some spreading, purchases of this month against sales of September and December. There was a fair amount of moisture over the weekend, but temperatures were more moderate, and we heard of no particular complaints. In fact, some of the first threshing returns from Plainview, Texas, indicate a little better crop than had been anticipated. Final wheat prices showed declines of 1/8 to 3/4¢ per bu.

Rye, after being strong early, eased on moderate profit-taking.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 12, 1945.

We have said often before, and we may even repeat it again, but it is worth while to remember that whenever farmers complain that there has been too much rain, the chances are that there has been just about enough. This was very clearly demonstrated when the government report was issued late yesterday estimating total wheat production at 1,084 million bu, which would be the largest harvest in the history of our country. The winter wheat crop of 797 million bu is about 211 million bu more than the ten-year average, and apparently wherever there was moisture, the results have been good and the complaints seem to come from the drought areas like the Texas Panhandle and other sections, which suffered from lack of rain. The same is true with respect to oats and a forecast of 1,334 million bu is not only larger than last year but compares with 1,068 million bu during the years 1934-43, or an increase of 266 million bu. Nothing definite can be stated yet on the corn crop, except that the season is late, but since this is due mainly to heavy moisture, we expect fast germination and very likely the situation will parallel that of last year when there were numerous early complaints, corn fields being under water, but this was largely offset by quick improvement after we had a few weeks of sunshine. In analyzing yesterday's wheat report a little more closely, we find some reductions in Texas, Oklahoma, and Kansas, but this is offset by the wonderful yields in Nebraska, with the result that the four southwestern States have the same combined prospect as last year.

The only offset, and one which is a market factor at the present time is the great car shortage, and according to railroad men the ability to obtain box cars and move this bumper crop of wheat is probably the darkest in history. There is generally a substantial backlog of empty cars stored in the wheat belt, and for years the western roads have kept ready 20 to 30,000 cars, which made it rather simple to handle the annual grain movement. However, with transportation of all kinds taxed to capacity, there have been no reserves, and thus we are starting a season under great difficulties.

Our market today opened somewhat lower in response to the government figures, but one house was rather prominent on the buying side of September wheat, and this took the slack out of the market on a fractional decline. There was another factor, however: namely, that when the OPA bill came up for extension yesterday, the Senate attached a rider, voting a guarantee of farm profits. This so-called Wherry amendment provides that, "It shall be unlawful to establish or maintain against the producers of any livestock, grain or other agricultural commodity a maximum price for such commodity which does not equal all costs and expenses (including all overhead expenses, a return on capital and an allowance for the labor of the producer and his family) incurred in the production of such commodity, plus a reasonable profit thereon." This new legislation came as such a complete surprise and is regarded so inflationary that there is still considerable doubt whether the House will act affirmatively, but in any case, it may for a time have been a restraining influence on selling, although few people can really believe that such an amendment has a chance of final passage. It appears as though the flour subsidy measure will quickly become law, and if this is the case flour business which had been held up pending final developments may show a considerable enlargement, although there will be no surprises, and everyone has been confident that the payments beyond June 30th would be extended.

Primary receipts of wheat were 2,152,000 bu compared with 3,344,000 bu last week, and 2,216,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of only 182,000 bu.

Markets were rather firm considering statistics, and the fine crop outlook. The strength in rye may have had something to do with traders' psychology. The prospective rye crop of 28 1/4 million bu is small compared with 41 1/2 million bu average crop; furthermore, the amount on farms is only 4 million bu. Therefore, we would not be surprised to see a gradual narrowing of differentials between the two bread grains.

Oats, in spite of a bearish report, were not too weak, apparently the tightness in cash corn is influencing other feed grains. December corn sold at the season's high.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 13, 1945.

While a great deal of discussion centers around the export program for the United States, not so much is heard about Canada, and yet their shipments will be tremendous during the coming months. The Canadian transportation authorities have been making plans to move out a record volume of grain for export, and they are concentrating on the next seven-month period. During that time, it is hoped that theymay clearapproximately 250 million bu wheat, plus 5 to 6 million bu of flour per month; in other words, betweennow and the time that navigation closes. This wheat is required for liberated Europe, but whether it will be distributed by the Army, by UNRRA, or purchased by those countries which are handling their own supplies cannot be foretold at this time. In order to meet such requirements, it is estimated that it will be necessary to move some 28 to 40 million bu grain a month through Canadian ports, and from 10 to 12 million bu a month through United States ports. It is sometimes due to the latter that a certain amount of confusion arises, and when U. S. shipments arementioned, there is often a fair amount of Canadian grain included, but in any case North America as a Continent will be extremely busy, probably to the extent that freight and boats become available. It is a little easier to recognize the magnitude of this task, when we review some of the conditions during the eight months from April to November, 1944, because during that period wheat shipments averaged only 8.9 million bu through Canadian ports, and did not exceed 10.8 million bu during any single month. The clearances ofCanadian wheat through U. S. ports averaged 3.8 million bu for this period, and during October reached a high of 6.1 million bu.

Not much can be stated yet as to how much grain will be available from Southern Hemisphere six months hence, but it is known that wheat seeding is now general in the Argentine under favorable conditions. Certain government spokesmen are reported to be urging a larger acreage. A plan has been announced whereby the government will buy the crops of wheat, corn, and flaxseed at a level sufficiently high to cover costs of production and permit a profit to the producer. As for Australia, moisture conditions in the wheat-growing sections have been somewhat improved recently by rains, but there are still areas complaining of drought, and farmers are still hoping for rain in order to permit seeding operations. Their average objective of 11 1/2 million acres has been established, which if attained might result in a crop of about 135 million bu. This in turn would mean a small surplus for export. However, with feeding operations still big in that country, domestic consumption has been much heavier than normal. The same might hold true for the 1945-46 season unless there is some improvement in the supply of feedstuffs.

Primary receipts of wheat were somewhat larger amounting to 3,218,000 bu compared with 2,411,000 bu last week, and 1,432,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 495,000 bu.

Markets were very strong right from the outset; it was apparent with the great strength in rye that other cereals would respond to some extent, and particularly when September corn went to the ceiling price, and became frozen. Crop reports generally speaking are coming in satisfactorily. We had several of them from the Northwest, and while the season is two weeks behind normal, most people agree that with some warm weather and sunshine everything will be pushed along in fairly good shape. Some precipitation was received in most spring wheat districts during the week, and soil moisture is adequate to excessive. The overnight rains in the corn belt were not particularly wanted, but our Illinois reports are quite favorable, although possibly the acreage will be somewhat smaller than was earlier intended. It will take warmer weather and sunshine so that plows can go into the fields to checkweeds. A good deal of corn is already up to good stand, There was comment from Washington that there might be some restrictions on the usage of corn, and this had a stimulating effect upon oats and also upon rye; the latter cereal went into new high ground for the season. Someselling of wheat took place on the bulge, but yet prices at the close were 3/4 to 1 1/4¢ per bu higher.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 14, 1945.

Very little attention is being paid to crop prospects and the likelihood of a combined wheat yield of more than a billion bu. The fact is that wheat is not responding too well considering the great strength in other cereals. We believe that some of the recent strength in grains other than wheat has been due to the fact that there is so little corn moving from the country. At the present time it is intimated that Mr. Marvin Jones is determined that corn shall not be used generally by distillers during the liquor holiday. The trade feels that in view of this situation, the demand for substitute grains will be very heavy, and this has inspired considerable buying of oats and of rye. It would probably be interesting to look at the breakdown of the various grains that have been used each month for alcohol production. We were very fortunate in getting these figures through a friend in Dallas, who in turn received them from the Office of Marketing Services. From July 1944 to the end of April 1945, there was 6.8 million bu wheat and flour ground monthly, together with 1.7 million bu corn, 1.1 million bu rye, 1.4 million bu barley, and 3.1 million bu grain sorghums, or a total of 14.1 million bu all grains. In analyzing this we come to the conclusion that the amounts will not vary or be increased even though a liquor holiday may be granted for one month, or possibly for a longer period. Most of the distillers in manufacturing alcohol have already been working to capacity, and if they divert their plants to beverage purposes, the totals should be about the same, although possibly there will be some deviation in the quantities of each individual cereal. For example, if the government persists in denying the use of corn for bourbon whiskey except on those quantities which distillers already have bought or possess in their plants, there may be larger quantities of some other grain consumed, but we hardly look upon this factor as being sufficiently important to have created as much excitement as we have had during the past few days. There is at the present time some comment that WPB may permit a longer liquor holiday than just the one month, but even this does not alter the situation to which we have referred.

In studying more closely the June crop report, it becomes even more apparent that the declines in prospective production were due more to dry weather than to excessive moisture. It is true that occasional freezing temperatures during May took a certain toll but the severe drought which developed in New Mexico and the Texas Panhandle, and a further dry area spreading northeastward into western Oklahoma and southwestern Kansas was much more serious. In New Mexico May precipitation was the lightest since 1927, and spring rainfall has been only about half of normal. Texas recorded the lightest May rainfall since 1896, and grain crops suffered marked deterioration in this dry area, with the result that wheat abandonment is expected to be heavy. In spite of this, but because of the favorable conditions elsewhere, the winter wheat crop is expected to be the second largest on record, while oats and hay also promise above average production.

Primary receipts of wheat were only 978,000 bu versus 1,859,000 bu last week, and 1,947,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 732,000 bu.

There was considerable short covering again, and the main strength was in rye both here and at Winnipeg. This prevented wheat prices from declining much but at the same time advances were anything but spirited and with 50,000 bu wheat sold to come to Chicago for shipment by July 20th, it brought to mind that we are not too far from harvest and the pressure which may accompany it. Last wheat prices showed losses of 1/8¢ per bu to gains of 3/8¢.

There was a little more resistance to oats on the advance. It is figured that with the equalization fee of 17¢ per bu, and with July oats in this market about 67¢ per bu, we are practically on an import basis from Canada.

Trade in corn was light, December and May being the only futures which fluctuated since the nearbys were frozen at the ceiling.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 15, 1945.

After the close of the market yesterday, word came from Washington that the RFC subsidies had been extended for one year beyond the present July 1st limit. Of particular importance to the grain trade was the fact that $190 million was being specifically appropriated for flour subsidies, and this means that there will be no change in existing legislation. It was no surprise, and it is fully expected that the Presidential signature will be affixed to the Bill in order that consumer prices may be kept at reasonable levels, while the farmers are still able to attain the parity goal for their product. It was also announced that OPA was unwilling to increase ceiling prices for corn, claiming that the present level already reflected full parity to the producer and that there was no reason at this time for higher prices. There may have been several reasons for this announcement at this time. Primarily, of course, was the fact that the farmer was selling rather reluctantly, and in view of some rumors that increases might be permitted, it was felt that by denying any such intention at this time, it might encourage a heavier movement from the country.

Neither of these items had any particular effect upon our market at the opening, but there was another development to which we referred yesterday, and which seems to be taking more definite form now: namely, a partial prohibition against distillers for the grinding of corn for whiskey or beverage purposes. While the order has not yet been filed in federal register, we understand that it will be effective to the morning of June 12th, and that consequently any purchases made since that time cannot be lawfully used in the manufacture of spirits. This prohibition also extends to exports of corn and to delivery of corn to distillers on futures contracts. According to statistical data, there is not actually a shortage of cash corn, and the chances are that the carryover supply at the end of the season will be twice as great as last year, but until marketings are heavier, there will definitely be a strain on certain industries which are in war work, and to feeders who do not grow their own grain.

When our market opened this morning, there was again a very heavy demand for rye futures. Many people were of the opinion that if substitute grains were used during the liquor holiday, rye would benefit the most. We believe, however, that there is basically another factor, which has been creating recent strength in our markets, and which is so fundamental that it may change the entire complexion of things in the season ahead. In the ten-year period 1933 to 1942, North and South Dakota and Minnesota raised an average rye crop each year of 20,929,000 bu, while production for the United States as a whole was 40,446,000 bu. In other words, these three States raised over half our rye crop. Last year they had a combined yield of only 7,745,000 bu, while the entire country raised 25,872,000 bu. Thus, production has become scattered and the supplies available to Chicago are not nearly so great as they formerly were. In this analysis we have not included Nebraska, which is also tributary to our market, and which has been more important in previous years than at present. We believe that 1945 will parellel more the past year than the ten-year average, and, therefore, we do not see much chance of accumulating large stocks of rye here in Chicago.

Primary receipts of wheat amounted to 1,800,000 bu compared with 2,137,000 bu last week, and 2,101,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 895,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 1,800,000 bu.

Our markets were rather indifferent during the first half of the session. Later on rye became very strong, going into new high ground for the season. This occasioned considerable short covering, and apparently there was little pressure. We presume until wheat actually moves that we shall have rather wide fluctuations from time to time, as there is really no balance wheel. It is quite different from when there are hedges in the market. With the government program to ship foodstuffs heavily to Europe, millers are still working to capacity, and in practically all markets are paying close to ceiling levels for immediate supplies.

Corn was mostly neglected but not particularly strong considering higher prices in other pits. We still have only the two futures which are being actively traded, as July and September are still frozen at the ceiling, although occasional trades are being made.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 18, 1945.

Within a few weeks another crop-year will have passed, and it still looks as though the last government estimate for a wheat carryover of 350 to 375 million bu may be realized. By some comparisons this will seem like a big reduction from those years when records were established, and we have in mind mainly 1942, when the reserve amounted to 632 million bu, and the following year, 1943, when it was nearly as great, amounting to 622 million bu. However, those were extremes, and we may never again attain the same heights. It is probably more fitting that we compare the present stock with last year, when there was 316 million bu on hand, and also refer to the ten-year pre-war average, (1932-41) when it amounted to 235 million bu. Today's reserve is, indeed, large taken in connection with the prospective winter and spring wheat crop of 1,084 million bu, which practically assures us of a larger carryover on July 1, 1946, than the present one. This is according to a forecast made by the Department of Agriculture, even taking into account the large scale exports and the continued relativel large domestic disappearance.

It is obvious, therefore, that from a statistical point of view there will be no scarcity, but the recent firmness in prices has stemmed from other considerations: namely, the shortage of box cars, which suggests that it may not be too easy to build up supplies at terminal markets, particularly if the government program takes a good deal of the first-run of wheat for shipment to the seaboard. There will, of course, be other countries with surpluses willing and anxious to sell their grain. Canada is in this category, and according to information recently received from Ottawa, they are hopeful of shipping 250 million bu wheat during the next seven months. Furthermore European requirements will not be as great during the next three months as later on, for the reason that they; too, will have harvests at about the same period as in North America, and even with the near starvation which has taken place throughout large areas of Europe, the immediate demand is not urgent except in certain countries where foodstuffs have been entirely depleted. Following Germany's defeat, our government has in mind that the least it can do is to promptly provide sufficient grain and foodstuffs to sustain life and to avert wherever possible riots and other havoc which often result in the wake of a war, whenever people are not properly fed.

It is this buying which at the present time has been a sustaining factor. We believe if the government purchases were spread more evenly over a twelve-month period, the drain on our own accumulations would be less felt, but in doing relief work, the urge is to have larger amounts than are actually needed in sufficient time to avoid any possible emergency. Broomhall calls attention to the fact that even the Argentine has a sizeable surplus of wheat. His figures, which were mailed from Liverpool under date of May 23rd, suggest that there was an export surplus on May 15th of about 175 million bu. This tentative estimate is not official but he apparently has the necessary data to make at least a theoretical calculation. The figure just mentioned would probably include the unshipped portions of the Spanish contract, as well as certain gifts of wheat to France and Italy, but in spite of those factors, there is a very substantial stock not yet committed on which importing countries could draw, given the ships and the necessary financial facilities.

Primary receipts of wheat were 1,754,000 bu compared with 1,667,000 bu last week, and 1,782,000 bu last year. When the visible supply was posted it showed an increase of 600,000 bu; total stocks in all positions are slightly less than 60 million bu, or about 20 million bu smaller than a year ago. There was a slight increase at Chicago, our total amounting to 1,852,000 bu.

Wheat was rather indifferent at the start, but later could not resist the great strength in rye, and there was considerable short covering. The trade also feels that distillers may buy larger quantitie of granular flour for alcohol manufacture due to the tightness of corn, and smaller supplies of rye. The milling demand, except for government purposes, is still only moderate, but some believethat more aggressive business may develop by the end of June. Final wheat prices showed advances of 1 to 1 3/4¢ per bu.

Rye, as previously stated, was extremely strong, and new highs o the crop were made. The visible showed a decrease of 302,000 bu. Oats were very strong in sympathy with the great strength elsewhere. There was both short covering and investment buying.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 19, 1945.

The question of food has been given such emphasis that we can hardly pick up a paper either domestic or foreign without seeing some reference to this most important item. Just today we received a letter from Liverpool from one of our very good friends. While he insisted that Britain would like to see various controls relaxed as soon as possible, in order to encourage business and private enterprice, he stated that to deal specifically with grain, this was a matter coming under the Ministry of Food, and that it was almost certain that government control would continue throughout the full transition period. He added that reliable sources in the trade figured it might take from one to two years, particularly with the vast food shortage in the world and such an acute situation in Europe.

Here at home we have really conquered our problem in an amazing manner. Judging from the conversations of housewives and the many topics dealing with rationing, one would think the farmer had failed to produce the food which this Nation needed. Actually the American farmer in 1943 produced 32% more food than this or any other nation ever produced before the war, and in 1944 even that record was exceeded by 5%, making an all-time record increase of 38% above pre-war production. The possibility exists that this year will stand out in greater prominence, since farmers have devoted a larger area to food crops. All this was done in spite of handicaps of war, and with certain labor shortages, which meant longer working hours for those who remained at home. We thought we were doing a good job during the last war, but it was nothing compared with our present accomplishments, since the United States has produced 50% more food annually during the present period of hostilities than was the case in World War 1.

It is still very likely that given average weather from now until harvest a bumper wheat crop will be our reward. There is, of course, great concern as to whether the transportation will be sufficient to give us an even distribution, particularly since many bins have been emptied with the vast program for overseas relief. One of the Dallas papers this morning carried an article to the effect that the Santa Fe railroad was converting 1,700 cattle cars by lining them with paper to help move the wheat, and they were also placing roofs on gondola cars, which previously were used for coal but which now should be of greater help during the post-harvest season.

The Northwest, like other parts of the country has received plenty of moisture. This has retarded plant development, but in spite of the elements, wheat looks good. The weather map also has suggested a period of higher temperatures, and our friends in Minneapolis believe that while growth has been slow up to now it will be speeded up given a few days of warm weather. Corn, of course, is not doing much and still looks very yellow, but other cereals have a fine prospect, and with sufficient moisture to carry the crop for quite a period, we expect that there will be few complaints.

Primary receipts of wheat today were heavy, they amounted to 3,105,000 bu compared with 2,152,000 bu last week, and 2,480,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 341,000 bu.

Our wheat market was somewhat lower during most of the session, but at times was influenced by the tremendous strength in rye. New high quotations were made in the latter cereal, and it seems that without large free stocks of rye here in Chicago, shorts are still on the defensive and become easily scared, in spite of the tremendous advances which have taken place. As we mentioned yesterday, there will probably be added quantities of wheat or granular flour needed for the alcohol program due to the tightness of corn. For the time being farmers are offering very sparingly, and industries are finding it just as difficult as ever to get their supplies.

Final prices were 1 1/4 to 2 3/4¢ per bu ~~higher~~.
lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 20, 1945.

The carryover feeling from yesterday was somewhat bearish. The wheat market had madea rather poor response considering the sharp advances in rye, with seasonal highs recorded for the latter cereal. But we have pointed out for some time that, despite the many obviously bullish factors, such as our vast export program, the shortage of cars, and the depletion of stocks at terminals, a bumper wheat crop was in prospect, and this could not be entirely ignored even assuming that the early run of wheat might be destined for export positions. The fact that the nearby deliveries are stronger than the distant months might encourage farmers to market their grain, particularly since present prices are higher than the loan, and judging from the reports that we get from our own stations in the Southwest, nearly half the wheat is being sold, and some of the earlier arrivals are now being marketed. As an offset to this, the demand is keeping up, so that only a few hedges are coming into the pit, but, nevertheless, with the rapid advances that we have had in the price of futures, the technical position of the market must also be given some consideration, as we have periods when an "overbought condition" arises.

The Directors at their meeting yesterday apparently deliberated for some time on matters pertaining to rye, with the result that margin requirements were doubled, the increase from 10 to 20¢ per bu now being required, and likewise double protection for outstanding contracts when it is necessary that they be brought to a maintenance basis. This had a little bearish influence on rye prices at the opening and other cereals sympathised, although to a lesser extent.

There was scattered moisture overnight in various parts of the Southwest, and it seems that with more than seasonal moisture to date, the normal farm operations have been slightly retarded. We note that farm operators have averaged 12.4 hours per day and hired workers 10.2 hours on the 1st of June. Both these averages are .4 hours less than for the same period a year ago. However, on June 1, 1944, conditions favored unusually long work days. There can be no doubt that farmers are doing everything in their power to provide wartime production. At the moment there are about 2 1/2% less employed than there were a year ago; 10,994,000 persons are now employed, which is an increase of 291,000 persons since May 1st, indicating at least some seasonal improvement.

It was reported that heavy rains drenched southern and western sections of Australia, breaking one of the worst droughts in many years. Inasmuch as that country is hoping for a larger acreage, the relief is coming at a very opportune time. The wheat harvest in Mexico is progressing and the preliminary estimates recently made by the Ministry of Agriculture placed the outturn at 14.2 million bu. This would be only slightly less than last year, although 12% smaller than the five-year average. Reduced seedings were largely responsible for this condition, and it looks very much as though Mexico would be a moderately heavy importer again during the 1945-46 season. Likewise grain crops are being harvested in Tunisia, and in common with other areas in French North Africa yields are disappointing, although about the same as the small crops of 1944. As we have previously stated, this has occasioned some imports from France, as well as from other surplus countries, while generally the situation is just the reverse. Dry weather for a prolonged period was mainly responsible for the poor outturn.

Primary receipts of wheat amounted to 1,524,000 bu compared with 3,218,000 bu last week, and 1,965,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 488,000 bu.

Our markets were never very strong, although at times wheat held reasonably well. The trade still realizes that there will be tremendous quantities of exports from North America and from other surplus countrie For example, Britain took large quantities of Canadian wheat today, and it is expected that Portugal will also buy 500,000 bu from Canada shortly. Prices in the Argentine, which have been very low for all cereals, have advanced recently. Wheat there was up 1 1/4¢ per bu overnight, while barley offers were raised about 3¢.

The chief action here was again in rye, and this cereal reacted rather sharply, finally influencing other grains. Wheat prices at the last showed declines of 1 3/4 to 2 3/8¢ per bu. The nearby futures of corn are still at the ceiling; although the CCC is selling some quantities of its holdings where needed, the country does not seem to be in a selling mood, and bookings continue light.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 21, 1945

For several months the trade has been paying more attention to the demand side of the picture than the supply angle. This has been due to the fact that we have shortages of transportation, and also a holding tendency on part of farmers, with still some amounts tied up under the loan, with the result that a carryover of 350 million bu has not made itself entirely felt. In the ten-year period prior to hostilities our average carryover was 235 million bu, and prior to the Farm Board era our reserve stocks at the end of the season amounted to 120 million bu. It seems that at both times we had enough to take care of current requirements, but, of course, our population grows each year, and likewise elevator capacity, and the more grain is scattered from one part of the country to the other, the less pressure there seems to be on markets.

Nevertheless, a good many thinking people are of the opinion that May wheat, which was the last active future of the 1944-45 season, expired slightly under ceiling levels, and at Kansas City there was even more latitude. Therefore, they reason that at the beginning of the crop, which is estimated in excess of one billion bu, and a good-sized reserve, there should not be any tightness, provided, of course, the grain can be moved to markets. We are reminded constantly of the export business, which we admit will be large, and we appreciate that at the moment some flour is even going to Brazil and to the Philippines, but yet in the first fifty weeks of the crop season we have shipped only about 121 million bu. Considering that 111 millionbu wheat came here from Canada, of which 35 million bu will probably rest permanently in this country, the net clearances have not been very great. We think, however, and feel reasonably certain, that in the coming twelve months the figures will be very much larger.

We also appreciate that transportation is a problem in other countries. The Argentine has a fairly large surplus, but under existing commitments only about 5 1/2 million bu is being shipped monthly, and this is due to the strain on their transportation system. The slow rail movement is due not so much to lack of cars as it is to lack of coal and fuel oil, which has created an increasingly serious problem during war years. We also appreciate the failure of the North African grain harvest, which is now confirmed, and the chances are that those countries will need 35 to 40 million bu wheat or substitute grain in the coming twelve months.

Very little is mentioned these days about the Canadian situation. Their season, which starts on August 1st, has continued now for 46 weeks, insofar as statistical data is concerned. During that period they have shipped 265 million bu compared with 311 million bu last year. These smaller quantities may be due to the lesser imports of Canadian grain to the United States, but in any event having started their season with total supplies of 790 million bu, and allowing for domestic consumption of 160 million bu, they still have a balance for carryover and exports of 365 million bu, so that their reserves on August 1st will not be so very much smaller than the 355 million bu which they had at the start of the season.

It seems that today wheat in the Southwest was offered much more freely from various parts of the growing belt. The weather had not been altogether satisfactory, but at least there was some consolation that rains in the Texas Panhandle should be good for sorghums.Likewise where wheat is now filling, cool, wet weather is almost perfect. Hedging pressure is still unimportant as compared with other years, but we believe that so long as wheat prices are above ceiling levels, there is not too much incentive for investment purchases.

Primary receipts of wheat were 1,819,000 bu compared with 978,000 bu last week and 2,246,000bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 733,000 bu.

Lowest prices were made shortly after the opening. There was moderate selling in various pits and a little more hedging pressure in wheat than we have had in some time. Later on rye became very strong. The volume of trade was not particularly large but stop-loss orders were uncovered, and as this market advanced it had a sympathetic effect on wheat, with the result that final prices showed advances of 5/8 to 1 1/2¢ per bu.

Corn was firm. The Chicago corn-hog ratio is 12.4 or about the same as last week, and compares with 10.8 last year. With only light offerings, there seems to be a little more bullish sentiment in oats. This cereal finished with moderate advances.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 22, 1945.

During the past week our wheat market is very little changed, but rye has advanced as much as 7¢ per bu for the July future, so that while the strength in rye has been a sustaining influence from time to time, the fact remains that with a few more hedges coming into the pits the leading cereal has to stand more on its own merit. We have felt right along that with a billion-bushel crop, there was bound to be some pressure, although not as much as in years when more normal factors prevailed. At the present time there is a rather broad demand for wheat. First of all, the mills have done about as much business as their capacity permitted, and besides this fair quantities of granular flour were needed for distillation purposes, as well as some wheat which travelled a long distance, and probably was a substitute for corn which might otherwise be used if there were no restrictions and if the movement from the country were heavier. Also, the wheat crop has been somewhat late, although we believe that maturity will be hastened if the warmer weather now predicted materializes. Our weather man told us this morning that temperatures were reasonably high Northwest, and that this condition would gradually work into the corn belt. From that point of view, it is also helpful because more than anything else we need warmth and sunshine. One of our friends from Jacksonville, Illinois, told us that on a short trip he saw several farmers cultivating corn, and more would be in the fields today. Others have stated that while rains have retarded corn planting in some localities the better producing areas of Illinois are progressing very rapidly, and there has been progress during the past week. While the rains have scared some people they may finally prove a blessing in disguise. So often we worry about drought during the early part of July when hot weather generally sets in, but the moisture problem this year has been pretty well mastered. Even in the southern areas, we have noted that corn was planted in past years as late as middle of July and still fairly good results were obtained when the proper varieties of seed were sown.

When our market opened this morning, prices were reasonably firm but some of the mills in the Southwest must have bought wheat overnight, and with moderate hedging early recessions took place. There must have been a good deal of short covering yesterday, and this weakened the technical position of the market. There are a good many rumors that a rye ceiling may be invoked sometime in July. Whether the OPA can legally do this we do not claim to know. Some have contended that not only did OPA have to give fifteen days' notice but they could not invoke a ceiling where the seed had already been put in the ground: If any action is taken we figure that it will be based on parity, this amounting to $1.25 per bu on the farm. If transportation and charges of 21¢ per bu are calculated, the same as for wheat, the Chicago ceiling price would be $1.46 plus possibly a few mark-ups, or in other words somewhere in the neighborhoodof $1.50 a bu. This in our opinion would not be for the July delivery but might mean that the September, December, and May futures would be affected.

Primary redeipts of wheat were 2,076,000 bu compared with 1,800,000 bu last week, and 2,339,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 827,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 2,123,000 bu.

At about mid-session the pig crop report was published. The trade had looked for an increase over last year, but it seems that the combined spring and fall numbers will be only a little larger than in 1944. This had a somewhat bearish effect on the various cereals. There was not much influence on corn, owing to the fact that there was no pressure from the country, but oats were lower. It is generally felt that if we should get a 3 billion bu corn crop, farmers might be more inclined to market their grain later on, particularly with only about 87 million hogs to feed compared with 121 1/2 million in 1943.

Some selling came into wheat, both for hedge account and profit-taking on speculative commitments, with the result that final prices were 1 1/2 to 1 7/8¢ per bu lower.

Rye was strong at times, but finally yielded ground. There are some rumors of a possibility of a ceiling being invoked next month; we are unable to get anything definite, nor do we know for sure whether the OPA can legally impose a ceiling on grain which has already been planted.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 25, 1945.

Weather over the week-end was mostly favorable. Moderate to heavy showers occurred in portions of eastern Kansas and eastern Nebraska. Also, there was some moisture in northern Illinois, but on the whole crops have been making satisfactory progress, and even the corn belt is in good condition now, with plenty of moisture in the ground, so that with another week or ten days of sunshine the plant should quickly catch up with the season except for some isolated spots.

Of great interest to the trade was an announcement from Washington that OPA is considering ceiling prices for rye, and it was indicated that some announcement might be made before middle of August. No intimation has been given as to what these ceilings may amount to, but on the theory that they will not be less than parity, it is our belief that if imposed at this time, they would probably be in the neighborhood of about $1.50 basis Chicago, taking into account that the farm parity is $1.25, to which must be added freight and various costs, plus the possibility of one or two mark-ups or merchandising profits. This had a somewhat bearish influence on the market, and there is still a very large open interest, both long and short. The shorts are ordinarily hedgers but since we do not know of a great deal of rye that falls under this category, we must assume that the open contracts represent short positions on the one hand, or else a combination of this and spreading operations between the various delivery months. It might also be some arbitraging between Winnipeg and Chicago but this is not likely to be a very big item, nor would the volume of spreading between Minneapolis and Chicago be very great. Therefore, we must assume that there are still quite a number of people who feel that the price is too high. On the other side of the picture, are, of course, those who are bullishly inclined, or who may feel that rye is too cheap compared with wheat, and since the open interest is almost 50% larger than the size of the crop, it is not surprising that our fluctuations are at times rapid.

The Department of Agriculture has prepared a twenty-eight page analysis on the subject, "What Peace Can Mean to American Farmers." In these discussions they call attention to the fact that with a growing population and increased requirements, it may be possible that by 1950 we shall have to employ 18.6 million acres more than were used in 1943. However, they also allude to the possibilities of technology, better seed, and greater efficiency, and say that under conditions of full employment sufficient crops could be produced on 327 million acres of land, or actually 23 million acres less than was used in 1943. There have been great strides in the past decade with particular reference to better seeds, such as hybrids for corn, also in rust-resistant varieties for wheat, and such improvement is very likely to continue. Of course, we have had periods when less than the normal diet for certain classes of our people has created a subnormal demand for farm products, and on the assumption that full employment could be maintained it would provide an outlet for farm goods on additional crop-land totaling about 5 million acres. The net conclusion is that our difficulties will multiply as the number of unemployed is increased.

The government is anxious to induce farmers to sell their corn more freely, and has thus offered to sell its stock of around 22 million bu to eligible users in an effort to ease the situation. It is possible bookings from the country will increase if crop prospects continue to improve, as our carryover should be about twice as large next October as the previous one. This change in government policy was responsible for an easier feeling which developed Saturday, and was again apparent during today's trading.

When the visible supply of wheat was posted it showed an increase of 437,000 bu. Total stocks in all positions amount to 60 1/4 million bu, which is only 17 1/4 million bu smaller than last year. Chicago stocks decreased 160,000 bu, still leaving 1,692,000 bu in this market. Chicago rye stocks decreased 281,000 bu, leaving 4 million bu here, together with 417,000 bu of bonded rye. There must be some rye now being shipped for export, the total decrease for the country amount to 833,000 bu. The OPA announced that there would be no ceilings imposed for the 1945 crop, but that they intended establishing them for 1946.

Hedging in wheat was not particularly active, but on the other hand, there is some army flour business in the offing. In fact, some futures were already bought against these transactions. Expect that more purchases may be made tomorrow, and temporarily this may have a sustaining influence. Wheat prices were unchanged to 1/4¢ per bu

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CHICAGO MERCANTILE EX.

June 26, 1945.

The overnight grain news was more or less routine. There had been moderate to rather heavy rainfall over portions of the Southwest, and the principal complaint was from northwest Oklahoma where nearly three inches of rain fell and all harvesting operations were temporarily at a standstill. There may be a few other small districts affected although cutting has not yet started in many parts of Kansas, and the heavier producing areas have another ten days or so before the wheat will be ready. Meanwhile, there are fair amounts of wheat being moved in Texas and Oklahoma, with the result that the mills are buying liberally. This is at least a partial offset against the Army purchases which started yesterday, and which were a factor again in today's trade. We believe that the Northwest mills have until tomorrow to partake in government business, and for the time being this seems to be a sustaining influence, but we still must remember that the heaviest weight of hedges is still ahead.

There was also an announcement from Washington that some rye flour had been sold for relief purposes. This business was booked about five days ago and the quantities were only about 75% as large as originally intimated by WFA. It is, however, the first large rye flour purchase in a number of months, or since the Russian requirements were supplied. Computed in terms of the cereal itself, we figure it amounts to 300 to 350,000 bu, and aside from having a sentimental effect there was nothing very bullish since apparently either hedges or actual rye had been previously covered.

From all reports the winter wheat crop will probably exceed the previous government estimate. The test weight of the grain arriving at markets is such as to give encouragement in that direction, although on the whole it seems to be a rather low protein crop. There are some discussions as to whether or not the government will support wheat as was the case last year. The previous policy was to maintain prices at or near parity levels but we doubt whether any decisions will be reached until the new Secretary of Agriculture assumes office on the 1st of July. We have no doubt that our foreign commitments will keep our various federal agencies buying from time to time, and since they obviously cannot get all the flour they require, they are likely to buy cash wheat in various localities possibly tributary to point of shipment. What is more important is the tempo of these purchases, and while we can easily spare 250 to 300 million bu in view of the fact that our carryover will exceed that quantity plus a crop of a billion bu or more, it does make some difference whether these purchases are spread out evenly over a twelve-month period or whether there will be a rush of buying at a time when ordinarily there is selling pressure.

Primary receipts of wheat amounted to 3,244,000 bu compared with 3,105,000 bu last week, and 2,185,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 170,000 bu

There was a very firm market early in the session, due to government flour business and a higher rye market, but there seemed to be a good deal of new wheat offered; the demand is not particularly good except for the protein grades. In the Southwest, and more particularly at Kansas City, basis for ordinary wheat was a little lower again. Moisture wheat is somewhat draggy, and the hard rains in the Southwest may give us more of that type of grain, but we doubt whether yields will be cut, particularly if there are a few days of sunshiny weather following the rains.

It is rather interesting to note that in the calendar year 1944 our corn consumption was 314 million bu less than the previous year, when we had a record number of hogs; yet we used about 3 billion bu, and may have the same disappearance during 1945 with hog numbers not far different from what they were the previous year. However, with a reserve stock at the end of the season twice as great as the one before there should be enough for all purposes. At the moment weather over the corn belt seems highly satisfactory, and more reports are coming in of an optimistic character.

At the close wheat prices showed an advance of 7/8 to 1 1/8¢ per bu. Best prices of the day were not maintained, and same was true of other grains, which reacted on profit-taking, with rye and oats actually closing lower than the previous session.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 27, 1945.

In normal times 70% of our wheat exports are shipped during the first six months of the crop season; in other words, from July to January, but with the heavy demands from Europe we expect that the business from here will continue throughout the twelve-month period. Also, in normal times England takes about half the wheat which is imported into Europe, but this situation is also changed owing to the fact that there is so much distress on the Continent as the result of the war.

It is nevertheless interesting to review crop and statistical data of Britain since she is still a very important factor in the grain trade. Prospects for both England and Wales were reported to be generally favorable early in June, despite cold weather and severe frosts at the beginning of May. Winter wheat made strong growth and was said to be healthy in most areas with the exception of late-sown crops, Spring wheat improved in most districts following needed rains. and on the whole the condition of coarse grains was likewise satisfactory. It is hardly possible that acreages will be maintained at present levels during the post-war era; in fact, to save ocean tonnage production had been increased; and even golf courses had been turned over to agricultural pursuits, so that gradually there will be changes in this direction. On June 6th, the British Minister of Agriculture announced production goals for the 1946 crop. Total tilled acreage will be reduced from 11.6 million acres last year to 10.9 million acres in 1946. The principal reductions are for cereal crops, potatoes, and sugar beets, which were mainly those articles which had shown the big increases during the war. Cereal acreage will be reduced from 7 1/2 million acres to 6.9 million, and the latter is still quite large. Therefore, imports may be somewhat smaller than before hostilities, but yet we figure that Europe as a whole will draw heavily upon the surplus countries for the next two or three years. Consequently high production goals in surplus countries should be maintained, particularly as there is still a vast amount of wheat being fed in the world; even in countries that can ill afford it. For example, Australia, with a short crop, will require about 48 million bu wheat for animal feeding during the year beginning December 1944. This compares with the average annual utilization of only 10 million bu for the five years ended 1940. The present intentions to feed, if carried out, would be the largest in the history of that country so far as we know, and would compare with 24.5 million bu in 1943 and 43.5 million bu last year.

When our market opened this morning prices were very firm. There had been considerable rain over portions of the Southwest, but these were confined mainly to districts farther north where harvesting had not yet started. The previous moisture in Oklahoma was responsible for holding up harvesting operations, and in consequence the cash basis for wheat was about 1¢ per bu higher. We still do not believe that the yield has been affected, although possibly quality of the grain may be reduced. We also had one report of hail but pay no attention to it, because it is the one element of weather against which insurance can be taken, and it is always local in character. Weather over the corn belt was favorable, and reports were a little better, farmers trying to cultivate between showers, although some has already been cultivated once. The plant, however, is somewhat uneven but should improve now with more seasonable temperatures.

Primary receipts of wheat were 1,862,000 bu compared with 1,524,000 bu last week, and 2,389,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 348,000 bu

In addtion to moisture Southwest which we mentioned earlier, all the reporting stations at Canada showed rains varying from .06 to over 1/2 inch, but according to more detailed information the moisture was heavier than this in the Prairie Provinces, precipitation ranging up to .96 inch at Calgary in Alberta, while central and souther Saskatchewan recorded precipitation up to 1.75 inch. This moisture was urgently needed in most districts, but some areas were skipped.

Little attention was paid to routine news here; with further hedges taken out of the pit, apparently against Army flour business, our futures were strong, and at the last advances of 3/8 to 1¢ per bu were recorded.

Rye was rather indifferent early, but finally responded to the higher wheat prices. Trade, however, was not particularly large.

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CHICAGO, 4 June 28, 1945.

In a few days the 1944-45 wheat crop season draws to an end. We do not have all the data and statistics that would normally be available for the reason that in wartime our government did not see fit to publish clearances each week, but we believe that from compilations of Sanford Evans and other statisticians, who observe as closely as is possible supply and demand factors, we can give a fairly comprehensive picture. In fifty-one weeks our wheat and flour exports have amounted to about 124 million bu, and the chances are that the total for the entire season will not exceed 130 million bu, so that with Canadian imports of about 35 million bu, the net figure may disclose that we have exported less than 100 million bu. If this is correct, and our domestic utilization is no larger than previously estimated, we should have a carryover on July 1st somewhere between 350 to 375 million bu. We see no change in our previously expressed views that Canada on August 1st should have a reserve stock of at least 300 million bu. To-date her shipments have amounted to 275 million bu compared with 312 million bu last season. After allowing for domestic consumption, including feed, seed, etc., we figure that at present time there is about 355 million bu wheat on hand with present exports running at the rate of 9 to 10 million bu per week.

Up to now reports from Europe have been somewhat fragmentary. Our principal informant is Broomhall, who again stresses the drought on the European side of the Mediterranean, which had a serious influence on crop yields, particularly in Portugal and Spain. France, he said, experienced a dry, hot spell during the first two weeks of May, and rains were most urgently needed in the central sections. However, in the north of France and in Holland and Belgium prospects appear to be favorable. What is most surprising is that observers who personally toured these latter countries have found surprisingly little war damage to agriculture, and they further tell of the efficient work done by hand labor in the absence of tractors. There was very little land not cultivated, and a good many acres which were not planted last autumn when wet weather retarded operations have since been seeded with alternate crops. What the final yields will be cannot be definitely stated at this time, but with the small reserveswe are confident that the demands will be heavy.

Cable reports from the Argentine speak of delayed seeding over wide areas due to dry weather, while inadequate rail transportation is limiting exports of grain. Shipments of wheat and flour during the past week were less than 1 1/2 million bu. Since August 1st, the total is 86 million bu compared with 84 million a year ago, and the five-year average for the same period of 119 million bu. Canadian weather is a little more favorable; all reporting stations again disclosed precipitation ranging from a trace to over 2 inches, which should prove beneficial. Over the provinces generally wheat averages six inches in height and oats and barley 4 1/2 to 5 inches. All seeding has been completed and most grain is now showing above ground. Warmer weather the past week, with continued warmth, should aid crop development, although the season is definitely late, and we have had private reports that the wheat stand was uneven, and apparently the condition is not as optimistic as was the case a year ago. Likewise the prospect for coarse grains is less favorable. This will be carefully watched, as during the current season we imported 63 1/2 million bu oats from Canada and nearly 33 million bu barley to supplement our domestic feeding requirements.

Primary receipts of wheat amounted to 2,202,000 bu compared with 1,819,000 bu last week, and 2,689,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 404,000 bu.

There was firmness at times due to additional flour business, and it seems that mills are pushing sales on the possibility of a reduction in the subsidy July 1st. However, more hedges seem to be coming into the market, and there was considerable weakness at times, particularly when rye prices reacted. Markets seemed more nervous than in recent sessions, but the weakness in stocks may have had something to do with selling in grains. The one cereal which was quite firm during most of the session was oats. This can be attributed to the Canadian policy of not issuing further permits on shipments to the U. S., owing to the shortage of feeds in eastern Canada.

Rye was intermittently strong and weak, but ended with net losses for the day. There is some Canadian rye arriving here, which we believe will finally go to distillers and will not apply on July deliveries.

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CHICAGO MERCANTILE EX.

June 29, 1945.

There was not much grain news overnight. The trade, however, feels that this is not the calendar time when ordinarily investment purchases should be made. It is true we have had some wet weather that has held up harvesting operations, but with modern machinery, the situation is different from former years. One hardly ever hears the term "wet harvest," for the reason that the combine machines work so efficiently, and so many farmers own them, so they can be utilized between showers whenever conditions are propitious. In the old days wheat was left standing in the shock and the farmer had to wait until the threshing machine came to his farm to do the work. This used to result in a good deal of damaged wheat but now the quality is very little affected, although at times we get some damp wheat but nothing as serious as it used to be. Judging from the threshing returns and also from the test weight of the grain at markets, we would conclude that this is going to be another very big year for agriculture. There has not been much hedging pressure yet but we believe it is still to come. Some orders came into the pits today offsetting further flour business, although it was noticeable that a few of the mills were again covering hedges. We had expected that this would continue until the end of the month, as a good many sales have been pushed on the possibility of a lower flour subsidy on July 1st. The chances are that the purchases for Army account have been completed, at least for the present, and if this is the case there may be a pause before another large order is placed. This has put the trade in a rather cautious mood, although nobody can tell what the agricultural policy will be when the new Secretary takes office next month. For several years now we have had price supports, and particularly so last year when the various governmental agencies adopted a policy of trying to maintain wheat prices close to parity levels. They apparently did not take into account that the other benefits which the farmer received brought his total income above the parity level.

We were again favored with rains in Canada and the moisture in the southern sections of the provinces was very welcome. Their crops are generally made in June and July, and having had a dry spell, relief is naturally helpful. There will not be any crop reports for some time as Canada is not in the habit of publishing figures on prospective yields but private opinions have held that the crop had not gotten off to as favorable a start as was the case last year. Proper weather, of course, could bring considerable improvement.

In our own Northwest temperatures have moderated in those sections where the thermometer readings have been close to the 100° mark and we have heard very few complaints; therefore, it will be very interesting to see what the government report indicates in its July forecast. Regardless of the final outcome in wheat, more attention will be directed to the results of the corn crop, for the reason that wheat has been a feed grain for several years now. Should there be a heavy reduction in the corn outturn, wheat would again be in very heavy demand, as we have become accustomed to consuming about 3 billion bu corn in recent years, and in fact, when we had a hog population of 123 million, the quantity was a good deal larger, possibly by 300 million bu. We find that some farmers who did not get their corn planted in time are sowing beans, and as a result there will be an enormous acreage this year, but that also is helpful, and furthermore, the oat crop is coming along nicely, some farmers claiming that the scenery is the best in years, and it looks as though the results would be considerably better than a year ago.

Primary receipts of wheat were 2,110,000 bu compared with 2,076,000 bu last week, and 3,321,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 407,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 3,726,000 bu. We doubt whether we shall see any such increase this year.

Markets were rather firm. The buying of hedges was mainly in the deferred months, which manifested the greatest strength. July wheat lagged, but closed 5/8¢ per bu higher, while the later months showed a rise of 1 @ 1 1/2¢ a bu.

Cash corn is still as scarce as ever. This may have something to do with the general firmness. There seemed to be buying of July oats by commission houses, and if permits are not granted on better quality Canadian oats to come to this country, it may have a little further bullish influence.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 2, 1945.

There is more than the usual interest in the rye market, but in our opinion for very definite reasons. In the five years prior to the war , we raised an average crop in this country of 44.3 million bu. From 1934 to 1939 the difference between wheat and rye ranged between 20 and 30¢ per bu, and there seemed to be enough rye for all purposes. However, the government really did very little to encourage rye production. The loan has remained stationary at 75¢, and it did not matter whether rye was located on the farm or at terminals. On the other hand, since 1938, or when the wheat loans were first started, they have advnaced each year without exception. The basis for Chicago was 77¢ in 1938, while the last loan which was just announced amounts to $1.59. In other words, there was great encouragement in wheat but our production of rye decreased because there was little incentive for the farmer to grow it. We pointed out recently that in the ten-year period, 1933-42, North and South Dakota and Minnesota raised an average rye crop each year of 20,929,000 bu, while production for the United States as a whole was 40,446,000 bu. In other words, these three States raised over half our rye crop. Last year those three had a combined yield of only 7,745,000 bu, while the entire country raised 25,872,000bu. In addition to this, there was a period a few months ago when our government restricted imports of Canadian rye to Chicago except for a thirty-day resting period here, which meant that the rye had to be sold before it arrived in order that the importers did not run the risk of violating a government order, and from that time on the quantities which came here were relatively small. There were further steps taken by WFA to sell 4 to 5 million bu of our rye to Europe for relief, and considering that we raised only about 25 million bu last year, this was a very large percentage of our supply.

Under the circumstances it is not surprising that July rye on Saturday sold within 14¢ of the price of wheat, but on the assumption that the exports will not continue for the entire season, we also find that May rye sold at a discount of 24¢ a bu under May wheat. It is quite true that there has been a heavier speculation in rye than one should ordinarily expect, but by the same token there was no ceiling on this cereal, and there will not be one for the next twelve months, while in wheat, ceilings have been imposed, and in fact, for a short period last year, trade came to a halt because of this situation. In other words, speculation goes into free and unrestricted markets, such as rye, and therehas been the added incentive because of smaller stocks here, as the export program was gradually enlarged. There have been a few cars of rye shipped out of Chicago each day, and we note that a cargo of 219,000 bu is destined to the East, very likely to apply on the WFA sales to UNRRA. There seems little chance of accumlating a large stock in this market for the reason that we ordinarily draw upon the Northwest, and since there is not likely to be a large crop raised in that area this season, we doubt whether it will be feasible to attract grain here on a longer haul from those territories where it has been raised. It is interesting, for instance, that Oklahoma, which was seldom a large rye producer, will have an acreage almost as large as that of South Dakota. Thus the territory has undergone a complete change, and likewise the ability of getting rye to Chicago for delivery purposes has diminished. It also appears to us that as a result of this situation, the nearby deliveries will command a premium, and we see very little chance of getting carrying charges, as was the case when we had accumulations and sizeable carryovers from previous crops.

When the visible supply of wheat was posted there was an increase of 989,000 bu;total in all positions is 61 1/4 million bu, or about 20 million bu less than was on hand last year. Chicago stocks were practically unchanged at 1 3/4 million bu. There was a big shrinkage in the Chicago rye stocks --314,000 bu, but it must have shown up elsewhere as the total for the country was a slight increase. However, there were some imports during the week.

Markets were rather indifferent at the start. With a lower flour subsidy of 3 1/2¢ it is felt that there will be some respite in the big mill buying. However, rye turned very strong after mid-session, and this in turn influenced other cereals, with the result that July wheat prices advanced 5/8¢, but deferred months were lower.

Corn was little changed, the weather is still cool for the time of the year over many districts, but there are surprisingly few complaints. The new Secretary of Agriculture seems to favor a maximum output of food, by giving the farmer a guarantee of satisfactory prices while still holding the line against inflation. UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

July 3, 1945.

At a special meeting of the Directors yesterday, steps were taken to curb speculation in rye. The initial margins were raised to 25¢ a bu and likewise a higher maintenance requirement, but action did not stop here owing to the fact that there is still 10 million bu open in the July contract. Starting Thursday no new trades will be permitted in this future in the hope of getting contracts reduced except that hedgers who have rye in a deliverable position will be permitted to make sales regardless of their previous status. This brought some liquidation into the market but trade was fairly orderly, and it was further ruled that after August 1st no speculative rye lines could be in excess of 700,000 bu, although from our own experience we doubt whether this restriction will affect many people. It does, however, reduce the permissible limit from 2 million bu,as had been previously established.

About the only overnight news was satisfactory weather, and shortly after our market opened the Galvin report was made public. He increased the estimate of the rye crop to nearly 31 million bu compared with the government figure of 28.1 June 1st. This very likely stems from the fact that high prices will induce certain farmers to let more of the rye stand for grain instead of cutting it for hay, but it also may be due to the fact that the weather has been satisfactory. There has been an improvement in the outlook for winter wheat, while spring wheat is likewise making excellent progress, according to the same authority whom we have mentioned. He believes that the combined wheat production will amount to 1,117 million bu based on the present outlook compared with 1,084,000,000, which was the forecast of the government last month. It is, of course, a fact that the crop in practically all sections has been late. The hedging pressure which we would ordinarily experience at this time is delayed, but we think that we shall finally have it for the reason that wheat is still selling higher than the loan in many localities, and this should be an inducement to the farmer to market his grain. Whether we shall have government support later on, and if so, at what level, is difficult tostate. The new Secretary of Agriculture has not been in office long enough to announce any policies, but same may be forthcoming shortly. One thing is certain, he does not have any new powers not given to his predecessors, but apparently he is more aggressive and seems to have the backing of President Truman. Also, it is a fact that the matter of foodstuffs is paramount, and in an effort to have heavy production, we doubt whether he will be curbed if he tries to obtain satisfactory prices for farmers consistent with our policy of preventing inflation.

Primary receipts of wheat today amounted to 3,465,000 bu, which is about the best run thus far on the crop. This compares with 3,244,000 bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 70,000 bu. The first car of new wheat arrived at Chicago, coming from a southwest Indiana point, containing 15 1/2% moisture. The chances are that it will be a few weeks yet before the movement in the Central States really gets under way. There was not a great deal of pressure, but at least the milling demand was much lighter than a week ago, and apparently no large government orders are being processed. The car situation, if anything, was a shade better. We do not hear of many complaints, but what the picture will be when the crop moves in full force is another question, but for the time being at least there seems to be fewer complaint and less discussion.

Rye prices made a good recovery from the early low quotations, although there were some losses for the day. This had some influence on wheat, but there seems to be a little more bearish feeling based on the possibility that the market will have to absorb heavier hedging pressure during the latter three weeks of July.

Final quotations registered losses of 1/2 to 1 3/4¢ per bu compared with yesterday.

Oats were reasonably weak, and this is likewise perfect weather for the best development of the crop. The improvement seems to be moderate, but yet this will be judged as a very large crop based on past years. While the feeding situation is very sound, it is likewise true that these are pretty good prices for a cereal which tests only 32 pounds to the bushel.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 July 5, 1945.

On June 29th this year President Truman signed an executive order transferring the functions of WFA to the Department of Agriculture. This places considerable power in the hands of the new Secretary of Agriculture. When Mr.Anderson took office a few days ago, he recognized that the first prerequisite for any sound agricultural policy was abundant production to meet our wartime requirements. He also stated that farmers needed certain guarantees from the government in order to bring about greater production. Just in what manner this will be handled is difficult to say but we rather suspect that support programs will be entertained from time to time, and for that reason it is doubtful whether the declines in the market will be far-reaching, although we should not be at all surprised if wheat gradually went to the loan levels, particularly when the hedging pressure reaches its height. There have been delays occasioned mostly by weather, but in any case the crop both Southwest and Northwest is about ten days to two weeks late; therefore, we have had very little country selling as is generally experienced at this time of year.

As near as we can tell North America will have a very large surplus, and while it is a little too early to get exact figures, we estimate that with a prospective crop in the U. S. of 1,100 million bu and a carryover of about 350 million, also a likely reserve in Canada on August 1st of 300 million bu and a crop up there of, say, 350 million, it would give us a total supply of 2,100 million bu, and the combined requirements at home would not ordinarily exceed 900 million bu. So on that basis, there would be a surplus in North America of 1,200 million. However, added usage for feeding and for alcohol will cut down this figure considerably, and at the present time nobody can be too sure of the outcome of the corn crop. Therefore, we shall have to wait several months yet before coming to more definite conclusions.

In the meantime a national wheat goal of 67 to 70 million acres is planned for the 1946 harvest, and has been announced by WFA. This provides for continued full production in line with the prospective 1945 acreage of 68.6 million acres, and this new goal is based on estimated requirements during 1946-47 for food, industrial and other non-food uses, export and reserves. The government is of the opinion that even a large wheat crop this year will not be excessive because of the heavy requirements for wheat in the months ahead, particularly relief feeding, which is already a very big item. The national goal for rye is also increased somewhat, and it was recommended that 2.8 million acres be planted, which would compare with an indicated harvest this year of 2.2 million acres.

The government weekly crop and weather report was fairly optimistic, although stated that corn is generally late, although during the past week more favorable field work and cultivation was possible over wide areas. There was too much rain in some of the interior areas for small grains, but on the whole the main sections were favored by coolness, which meant good filling, although it retarded maturity. Winter wheat is mostly in very good condition and is heading to the northern border, with harvesting in Kansas begun in practically all sections, but only a small percentage has been completed.

Primary receipts of wheat today were quite large; of course, this includes the holiday; they amounted to 4 1/2 million bu compared with 2,202,000 last week, and 4,494,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 119,000 bu

Wheat was rather weak early in sympathy with the break in rye, but later on there was some support by commission houses. This did not seem to stem entirely from flour business, although there may have been some overnight. However, in the absence of pressure it only required small orders to bring about a recovery. At the last prices showed gains of 1/4 to 5/8¢ per bu, except July wheat which declined 1/2¢ per bu.

Rye was extremely erratic, particularly the July, but this was to be expected since scalpers are now barred from making transactions by way of new trades. Hence from now on longs and shorts will have to meet in the pit, and this is bound to give us wider swings, as there is still 9 million bu open, and considering that there have been no tender on contract, nobody can guess who will take the initiative, and this, of course, will be very important, insofar as price trend is concerned.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 6, 1945.

Reports from Canada indicate that while the grain crops are somewhat late, nevertheless prospects in the Prairie Provinces have improved considerably as the result of good to heavy rains which were more or less widespread throughout that territory. The moisture supply is now considered generally adequate except in northern Alberta and southwestern Saskatchewan. It is estimated that the total moisture condition for the three Prairie Provinces stands at 90.3% of normal as compared with 83.1% a week ago.

The new government which was elected in Canada has committed it self to a policy of increasing exports. According to one Canadian authority, for the past several decades the now-governing political party has believed in the reduction of tariffs, and if the policy of endeavoring to increase the exports is put into effect, it would then appear as though an effort would be made to lower tariffs so as to allow the freer exchange of goods.

More detailed information is beginning to come through with reference to conditions in European countries than has been available during the period of actual warfare. According to the agricultural plans for the season 1946-47, the Ministry of Agriculture in the United Kingdom has set goals showing some reduction in the acres to be tilled for cereals, potatoes, and sugar beets. However, the program calls for increased production of dairy cows, cattle, sheep, pigs, and poultry. From the Continent we learn that the countries of western and northern Europe have benefited from recent rains, although smaller acreages have been seeded and present prospects point to a production below requirements in most of these countries. France's agricultural outlook is less favorable than a month ago, The fruit crops were subjected to the greatest damage through cold weather, with wheat suffering but little. In Greece, we learn that drought has reduced their prospects. Norwary's situation seems to be somewhat different. The meat, milk, cheese, and egg production is reported less than half of normal, while oats, rye and barley production has been fairly well maintained. It has been reported that country ordered 180,000 tons of grain, mostly rye, from the Argentine to help relieve the bread shortage. We understand the Swedish bread ration has again been reduced and is now about the lowest of any of the European countries. The Australian Wheat Board has announced that there will be no further exports of wheat during 1945 and an attempt has been made to substitute flour shipments for wheat, so that the offals would remain in Australia.

Sanford Evans has recently released figures setting the exports of wheat and flour for the United States at 126,900,000 bu, and further estimates that the carryover in this country July 1st amounted to 350 to 375 million bu.

Primary receipts of wheat total 3,019,000 bu compared with 2,110,000 bu last week, and 4,195,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 4,000 bu. When the visible is posted on Monday it will compare with an increase last year of 13,263,000 bu. Receipts are showing the result of the late crop in Kansas; normally July 4th is considered the height of the movement, but owing to the late season, only a very small percentage of that crop has been moved to-date.

The War Food Administration Weekly Grain Market Review reports that winter wheat is in mostly good to excellent condition, and is heading as far North as the northern border States, with harvesting becoming more active in southern sections. They further comment that in Texas harvesting and threshing has become general, and loss from previous dryness is less than expected. Spring wheat is reported in good to excellent condition, with substantial progress made during the week.

The wheat market was a very quiet affair most of the session, but later in the morning a few selling orders in rye led to a decline in that cereal, which started further liquidation, and all futures finished the limit sellers. This weakness affected cereals in all pits. In wheat there was some evidence of mill buying, and also a limited amount of hedging pressure. At the close wheat showed a decline of 1 to 1 1/2¢ per bu.

Reportsfrom the corn belt came in somewhat mixed, although Nebraska reports 98% of the corn planted, and Iowa indicates that the average growth of corn in that State is about two weeks late. Better weather is now prevailing throughout the entire corn territory.

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CHICAGO MERCANTILE EX.

July 9, 1945.

One of the problems of first magnitude confronting the Allied forces of occupation in Germany is the distribution of food and fuel not only in Berlin, which is dominated by the Russians, but throughout Germany. What the outcome of the meeting of the Big Three in Berlin will be remains to be seen. The bulk of Germany's foodstuffs is in the zone of Russian control, while the largest population lies in districts controlled westward. Prior to the war, it was estimated that 42% of the German population lived in the Russian zone, while 58% in that part occupied by the other Allies. The probabilities are that through the surrender of German forces to the British and American Armies, and the flight of German civilians from the Russian zone, the proportion of the population in the area now controlled by England, the United States, and France is still larger than it was in the pre-war period. At that time approximately 60% of the rye production was in the Russian zone vs. 40% in the western zone. Wheat and barley were produced about 50% in each zone. The production of oats was 52% in the Russian zone against 48% in the west; potatoes 60% vs. 40%; sugar beets 69% vs. 31%; cattle 39% in the Russian zone against 61% in the western zone; pigs were about evenly divided, while coal and steel were predominantly in the western section. Unless labor can be moved eastward and food westward, the plight of the populace may be an extremely desperate one. It has now been officially stated that President Truman is enroute to Europe for the meeting with Prime Minister Churchill and Premier Stalin Undoubtedly some of these problems will be solved in the coming conference, as well as the question of transportation, as the German railroad system was not built to fit into arbitrary zoning.

For forty-eight weeks Canada has exported the equivalent of 285 million bu of wheat or an increase for the week of 10 million bu . Star ing the season with available supplies of 791 million bu and allowing 160 million bu for seed, feed, home consumption, and alcohol, it would leave an estimated surplus available for export of 345 million bu. If exports continue at the present rate, it should leave a final carryover of approximately 300 million bu.

The Weekly Grain Review of the U. S. Department of Agriculture reports that wheat harvesting in Kansas has begun in all sections but only a small percentage has been cut except in the extreme south where one-fourth to one-half has been completed. Work has been slow in Oklahoma, Arkansas, Missouri, and southern Illinois due to slow ripening and wet fields. Rains again occurred over the week-end in the central and eastern sections of Kansas, which no doubt will further delay harvesting operations. The official report comments that spring wheat made very good to excellent progress during the past week and the early planted sections are beginning to head in Minnesota and South Dakota. Some concern is being felt over the lateness of the corn crop, although during the past week the official report of the Department of Agriculture was that weather waa more favorable and cultivation was possible over wide areas. They report in the Ohio Valley growth was rapid and much cultivation accomplished; corn planting in Missouri is about 70% completed. It is commented that the Iowa crop is not in the best of condition and about two weeks behind normal as of July 1st, although a few sections report normal growth.

Primary receipts of wheat today totaled 2,397,000 bu compared with 3,430,000 bu last week, and 6,870,000 bu last year. The visible supply figures were not posted at the time the market closed. Chicago stocks of wheat decreased 500,000 bu and now total 1,204,000 bu. Rye stocks in this market decreased 430,000 bu and are down to 3,267,000 bu. While receipts of wheat at Kansas City are running below a year ago, they totaled 1,224 cars today against 2,280 a year ago.

Our market was rather an uninteresting affair; there seemed to b some evidence of hedging, and at the close wheat was 1/2¢ lower to 1/4¢ higher. There were three cars of new wheat received in Chicago today, which were sold at about 5¢ over the September.

The open interest in July rye decreased 346,000 bu on Saturday, and now stands at about 7 1/2 million bu. The course of that future is rather erratic, and subject to wide swings between trades. At the close July rye showed a loss compared with the previous session, while the deferred months were about unchanged.

Cash corn is still difficult to obtain, and some of the industric are hard-pressed to keep their plants operating.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 10, 1945.

While forecasts for the ending of hostilities in the Pacific seem to vary from the mostoptimistic, who feel that it may be a matter of only a few months, to statements made by members of the armed forces that the war should be brought to a conclusion by the latter part of 1946. One of the major problems which will confront this country, as well as the other allied nations, will be the decontrol of business. There is some feeling, as expressed by a recent visitor to London, that the British are ahead of this country in such steps, and are encouraging the restoration of normal business and industry. We understand their demobilization is progressing rather rapidly. We have heard no expression as to when control of the grain trade and milling industry will be eased or eliminated. According to Broomhall, there is an erroneous impression that the price of flour advanced sharply in England after World War 1, when markets were allowed to function freely. He points out that this is quite incorrect. There was a sharp advance in flour prices in 1920 due to the enhancement of No. 1 Manitobas, and due to a very strong spot market in the United States. The actual decontrol in the United Kingdom did not occur until 1921; it was effective in flour as of March 31st of that year, and the resumption of futures trading at Liverpool on April 18th. The advent of free markets was closely followed by a substantial decline in futures, and in the price of flour. Rather than being inflationary, the removal of restrictions in futures trading after World War 1 in Canada, the United States and the United Kingdom led to lower prices.

With the San Francisco Charter now in front of our Congress and consideration of the Bretton Woods agreement, the eyes of the world are turned to the establishment of a permenent peace. If finally realized, a healthy volume of world trade is essential for peace and prosperity, just as peace is essential for expanding international trade. As Mr.Winthrop W. Aldrich, President of the International Chamber of Commerce, so aptly expresses it, "The bases for world trade, as I envisage the problem, include the reduction of trade barriers, the elimination of international cartels and of international commodity agreements, the development of constructive foreign lending policies and a genuine stabilization of currencies, Each is related to the other, and each is a part of the whole mosaic of world reconstruction."

There were 571 cars of wheat received at Kansas City today as compared with 670 a year ago. In the 5 Southwest markets; Enid, Wichi Salina, Hutchinson, and Fort Worth, the total carlot receipts were 1,543 as compared with 832 a year ago. Rather copious rains were again received in the Southwest, which has a tendency to delay the movement; in fact, Garden City wired today they had from 3/4 to 2 inches of rain in the territory, that the elevators were full and trucks were bringing in wet wheat. There seems to be no cars at any of the elevators. Indications point to clearing weather through the grain belt but temperatures remain cool for this season of the year.

The visible supply was not posted until this morning. Wheat increased 2,390,000 bu and now stands at a total of 63,645,000 bu. This compares with an increase last year for the same week of 13,263,000 bu when the entire visible was about 31 million larger than on Monday. Primary receipts of wheat today totaled 3,938,000 bu compared with 3,465,000 bu last week and 4,178,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total increase of 124,000 bu.

There was some evidence early in the session of hedging pressure in wheat. Locals were also pressing the short side; but later when strength developed in rye it led to short covering, and evening up for the government report, which will be issued after the close of the market. We feel the report will substantiate prospects of a large wheat and oat crop. Considerable attention will be centered around corn, as there is much apprehension as to the progress of that cereal. Temperatures generally remain below normal throughout the corn territory. There was no particular evidence of mill buying today, although we believe that government agencies continue to buy some wheat in our Southwest. At the close wheat was 3/4 to 1¢ per bu higher.

July rye continues to have wide fluctuations between trades, and with scalpers not in the market that particular future is without a balance wheel.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 11, 1945.

Owing to the backward season, attention of the trade was focused on the corn prospects when the government report as of July 1st was issued yesterday afternoon. While a somewhat bullish interpretation was given to same, the indicated yield of 2,685 million was very much in line with what had been anticipated. This, of course, is a sharp decline compared with the final yield of about 3 1/4 billion bu last year but is over 200 million larger than the ten-year average, 1934-43. The probable decrease in production was somewhat offset by larger stocks of corn on farms, totaling approximately 747 million bu as compared with 561 million a year ago. In looking over the records from 1937 through 1944, we find that without exception the final outturn has been larger than the July 1st estimate, varying from relatively small quantities to as much as 500 million bu in 1942. We are tabulating below the July 1st estimate vs. the final outturn:

Year	July 1st Estimate	Final (million bu)
1945	2,685	?
1944	2,980	3,228
1943	2,706	3,034
1942	2,627	3,131
1941	2,548	2,677
1940	2,415	2,460
1939	2,570	2,602
1938	2,482	2,562
1937	2,571	2,651

Much will depend on the weather from now until harvest. The season has been extremely backward. However, should we enter a period of warm, growing weather, we believe that the rains received to-date will prove very beneficial in the rapid development ofthe plant. Our own weather expert predicts that there will be generally fair weather tonight and Thursday over the corn belt, with the exception of showers in Iowa on Thursday, and that considerably warmer weather will be encountered by Thursday and Friday.

The government weekly weather and crop report just issued from Washington referring to corn states that the past week was probably one of the most favorable of the present season, with widespread reports of corn making rapid growth. In the Ohio Valley they state that corn made mostly good progress but was still late and much is grassy. In Missouri, planting continues with about three-fourths in the ground; Kansas corn is growing well but needs cultivation. In the northern section of the belt, corn made good to excellent growth, with warm weather needed in all sections. In Iowa the report varies from good to excellent although rather ideal weather is required from now on.

The rye forecast is for a crop of 27,327,000 bu, or about 800,000 bu less than the June 1st report. This coupled with the fact that prospects in Canada are for a crop slightly under 8 million bu point to a rather closely adjusted supply and demand situation for that cereal, although at present price levels we feel that more rye will be cut for grain purposes than has usually been the case in the past.

On the other side of the picture the government report indicated a crop of oats of approximately 1,400 million bu, or the largest crop in the past twenty-five years, and in wheat predictions are for a bumper crop of 1,128 million bu, of which approximately 834 million bu is winter wheat, and 294 million bu spring wheat. This, together with a carryover of about 325 million bu should assure us of supplies in excess of 1,400 million bu.

Primary receipts of wheat total 3,343,000 bu vs. 4,017,000 bu last year, but owing to a holiday there is no comparison with last week. Kansas City and Minneapolis stocks of wheat so far this week show an increase of 275,946 bu, of which the entireincrease is at Kansas City.

Better weather prevails in the Southwest, and new wheat is moving more freely. Our market was called upon to absorb some hedging throughout the session. At times when strength was displayed it was mostly the influence of rye. Although no announcement has been made by the CCC as to any support program, we believe they have already purchased a fair quantity of wheat in Texas and Oklahoma for Army and other exports. At the close July wheat was unchanged, but the more deferred futures showed declines of 3/4 to 1 1/8¢ per bu.

The rye market, which started with a firm undertone, was subject to rather large swings during the session, and was called upon to absorb considerable selling and stop-loss orders. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 12, 1945.

The veil of secrecy being no longer necessary, we are beginning to receive more statistical data on the food contribution of the Allied Nations to the war effort. A release from the Office of Foreign Agricultural Relations of the U. S. Department of Agriculture contains some very pertinent facts. While the production and food exports of the individual allies varied extensively during the war period due to internal conditions, shipping facilities, etc., unusually favorable weather and shipping position resulted in an abnormally large expansion of production and exports from both the United States and Canada. In actual percentage of increase in production, the United Kingdom probably led all other nations, with a total increased output of 66% compared with the 1935-39 period. This was accomplished through intensive cultivation of approximately 50% more acreage, converting the major portion to feed crops and greatly restricting the meat and egg output. The overall food production in the United States in 1944 stood at 142% as compared with 1935-39, while Canada's production was 130%. The actual volume of exports from the U. S. during the period of our participation in the European war amounted to 33% of the total quantity shipped by the ten allied food exporting countries. During this period exports of cereals declined but the overseas shipments of meat, eggs, and dairy products increased in tremendous volume, as prior to the war these shipments were more or less insignificant. Shipments of meat and eggs were twenty-two times as large as in prewar, while dairy products increased 35 times. Fats and oils also were shipped abroad in vast quantities.

Our Secretary of Agriculture, Clinton P. Anderson, in one of his first addresses since taking office, stated before the meeting in New York City of the Advertising Federation of America that we must do all in our power to alleviate the food situation in other sections of the world, but if we were able to ship across the ocean every pound of food we produced, we could not feed the world. He praised the war effort of the American farmer and stated that with present European conditions he stands as an apostle of abundant production in this country, and in order to accomplish the purpose he wants to see a fulfillment of the government's promises to farmers on price support, so as to tide over the transition period from the need of abundant supplies to where export requirements will decrease. He further touched on the subject of subsidies and commented that he has already started discussion as to the possibility of the eventual removal of all food subsidies. He feels they may be difficult to eliminate, but the job must be done, and to quote his statement, "If it is not to have serious implications for the producer, it must be done when the demand is good and price strong."

Primary receipts of wheat totaled 3,589,000 bu compared with 4,532,000 bu a week ago, and 3,783,000 like day a year ago. So far this week stocks at Kansas City show an increase of 483,161 bu, while Minneapolis remains unchanged. Carlot receipts in five southwestern points total 1,367 versus 1,087 in 1944, while Kansas City had 794 cars against 728 last year.

There were some overnight rains in the Southwest, but predictions in general over the corn belt indicate more normal temperatures. Our wheat market continues to feel hedging pressure, but is more dominated by fluctuations in rye. At the close wheat was 5/8 to 1¢ per bu higher. The Van Dusen Harrington report states that generally satisfactory conditions in the Northwest for small grains have been maintained. While conditions may not be uniform any slight damage to the North Dakota crops has been more than offset by exceptional progress in the major portion of South Dakota.

The final outturn of corn will depend on weather developments between now and harvest, and with a reduced acreage from last year and rather unfavorable weather to-date, the crop now needs higher temperatures, and a retarded fall season in order to avoid early frosts.

With all corn futures selling at ceiling prices, and rather heavy margin requirements in rye, more attention is being paid to oats, and that pit is enjoying somewhat of an expanded trade. There is a holding tendency on farms, and with a tight feeding situation many traders are taking the constructive side of that market.

The rye market continues to be extremely nervous. We understand there are some cash bids out for the new rye at about 10¢ over Chicago September.

UHLMANN GRAIN CO.

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141 W. JACKSON BLVD.
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CHICAGO MERCANTILE EX.

July 13, 1945.

The overall outlook for grains in Europe this season is probably the poorest of any during the war period. Although the situation varies considerably from country to country, the total output, according to our Agricultural Department, will be well below the average excluding Soviet Russia. The contributing factors have been a severe drought in the Mediterranean area, reduced seeding in virtually all the war affected regions, lack of fertilizers, etc. Drought has taken its toll of the wheat and barley crops in French North Africa and the wheat crop in Portugal, Spain, parts of Italy, and the Balkans. France and Central and Eastern Europe are expected to have an exceptionally small outturn, while land reforms introduced into Poland and other sections occupied by Russia will undoubtedly affect their crops this season. The brightest prospects are in northern Europe, particularly Denmark and Sweden, where normal yields are anticipated. The acreage planted in the Soviet Union is presumed to exceed that of 1944, and back to pre-war levels with favorable growing conditions. More order is beginning to come out of the chaotic conditions which existed after the capitulation of Germany. Undoubtedly one of the main subjects to be discussed at the coming meeting of the "Big Three" will be European relief, although in some quarters it is believed by those well versed in world agricultural conditions that the need for food relief is probably diminishing from the very desperate plight which existed as the various occupied areas were being liberated.

Weather in Canada the past week has been rather variable, ranging from cool to moderately warm. The Dominion Bureau of Statistics places the condition of wheat in Manitoba on June 30th at 35% above normal, Saskatchewan as a whole 9% above normal, while Alberta is only 73%.

The Secretary of Agriculture has just issued an order restricting the use of grain by distillers to only those plants which make full recovery of all feed by-products. We do not believe that this will be much of a factor, as under existing feed conditions, think that most of the distillers have utilized all the by-products that could possibly be produced. There is some talk that ceiling prices will be announced shortly for the 1946 rye crop --before seeding has proceeded. On the other hand the OPA has the blueprint for the first step toward lifting price controls, which is now being studied by Stabilization Director William H. Davis. One of the standards set up which would permit immediate elimination of ceilings on a number of commodities is "If an article is of small importance to the civilian economy, or the maintenance of ceilings is an administrative job out of proportion to the effect a higher price would have on the price of living." Looking at it rather objectively, we cannot see where a crop of around 27 to 28 million bu compared to our total production of all grains would be considered of vital importance to the civilian economy.

Primary receipts of wheat total 3,490,000 bu compared to 3,019,000 bu last week, and 3,530,000 bu last year. So far this week Kansas City stocks show an increase of 794,771 bu, while those at Minneapolis remain unchanged.

There were some thunder showers over the Southwest the past 48 hours, and some moderate rainfall over sections of the Central States, but none of consequence over the corn belt. Temperatures now have risen to normal or slightly above. Carlot receipts in the Southwest for Wichita, Fort Worth, Hutchinson, Salina, and Enid total 1,263 cars which is about in line with last year, when they amounted to 1,209 cars. Kansas City had 831 cars versus 647 a year ago. Several hundred thousand bushels of wheat was booked to Chicago today, basis being about 1/2¢ over our July. There is a possibility that some of this wheat may be on tap for July deliveries.

In the early part of our session there was evidence of hedging pressure, but later mills were good buyers. Apparently there was some government flour business placed, as the Commodity Credit Corporation was to open bids today for shipments from August 10th to the 31st. Toward the close of the session locals were pressing the short side of the market. Final wheat prices were 1/8 to 1/2¢ per bu higher.

There was not a great deal of interest expressed in the rye market; July liquidation is proceding rather slowly; the open interest in July yesterday decreased 176,000 bu, but is still 6 1/2 million bu.

Oats continue to attract new buyers, While toward the close there was some selling attributed to northwestern interests, final prices were near the highs of the day.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 16, 1945.

There was very little news over the weekend, but weather seems to be a little more normal, and while corn is definitely late, one must still bear in mind that even with a smaller indicated crop, taking the country as a whole, the outlook for grain crops is the third largest production on record. This is due to the fact that food grains have turned out well owing to the excellent showing which has been made and the very favorable prospects for small grains. Winter wheat and oats were benefited by cool weather, which aided filling, although it did delay maturity. As a matter of fact, the prospective oat crop is the largest in twenty-five years, and the wheat crop, which on July 1st was estimated to be 1,129 million bu, including winter and spring, is an all-time high. Also, above average yields per acre are indicated for a number of items, such as barley, potatoes, and a number of vegetable crops. It is rather astonishing but yet reassuring that in spite of adverse weather and the difficulty of getting corn and sorghums into the ground that the total acreage planted will fall below the prospective planted acreage for all crops covered in the national plantings report only to the extent of about one-half million acres. In these calculations it is figured that in some of the far southern sections sorghum planting may continue into August, but what the results may be, of course, will depend upon autumn weather. Despite this, present information indicates that the sorghum acreage may still be somewhat below earlier intentions, but this is not yet definitely established.

When our market opened this morning, there was little to guide it, but the carryover feeling from Saturday was slightly bearish, and it seems that the wheat movement Southwest is enlarging, with the result that the cash basis at Kansas City was slightlylower, and we expect that there will be some hedging pressure, although there appears to be a program of government support at prices slightly over the loan; this restrains short selling of any consequence. There is some talk in agricultural circles that certain subsidies may be abandoned, and if this is the case possibly higher ceilings for some commodities will be permitted. In these discussions it is claimed that it might be better to make this change while prices were still high rather than to take action during the post-war period when possibly deflationary aspects would come into play. This, however, is not having much market influence but at least it bears close watching to the extent that it may affect the pattern for handling flour sales at a somewhat later date.

The Big Three Conference has just started at Potsdam, a beautiful suburb on the outskirts of Berlin, but strictly enforced censorship has prevented us from finding out what the agenda will cover, although, of course, greatest interest centers on the attitude of Russia in the Pacific and more may be heard on that score before many days pass.

Trade interest in grains has diminished to some extent and the fluctuations in rye are smaller. This in turn has influenced sentiment in other pits. It seems too early yet to take the constructive side of wheat, particularly since the late harvest has only delayed some of the pressure which may come later. After all, the present promise for a total wheat crop of 50 million bu larger than 1944 should provide ample supplies for all purposes, even assuming added consumption at home for feeding purposes. When we compare this crop with the ten-year average, (1934-43) of 789 million bu, it will be seen that this is to be another big year for agriculture. Winter wheat production alone of 834 million bu, which is about 14% larger than last year, is more than the ordinary combined spring and winter wheat crop; thus even the heavy European requirements can easily be met, particularly since Canada, too, should have a good surplus and present crop prospects up there are somewhat better due to recent improvement in weather conditions.

When the visible supply of wheat was posted there was an increase of 5,806,000 bu, making the total in all positions 69 1/2 million bu compared with 112 3/4 million bu last year. Chicago stocks, however, showed a decrease of 173,000 bu, leaving only about one million bu here. There was a sharp decrease in the rye visible amounting to slightly over one million bu, and this apparently represents exports by the WFA for relief purposes. With some wheat hedging there was no strength, and while there were rallies from time to time prices at the last showed declines of 3/4 to 1 1/8¢ per bu.

Rye was also weak, especially the deferred months; profit-taking

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 17, 1945.

There is no meat rationing in Canada. However, Tuesdays and Fridays are meatless days in that country, and the 12 million inhabitants can obtain their supplies without standing in line and without much difficulty. In addition to the domestic consumption which is taking place exports are fairly large and despite the fact that the hog production is down about 35% from last year, the Canadians have already shipped slightly more meat to the United Kingdom this year than we have. In addition to accomplishing this, it is estimated that Canadian shipments to liberated areas during 1945 may reach 116 million pounds of canned meat and besides she is continuing to assume the responsibility of providing meat for certain areas such as Newfoundland and the British West Indies. Altogether exports will probably amount to 30 or possibly 35% of this year's total meat production in Canada. It is also worth noting that about 75% of all the cheese produced in Canada is now being sent to Britain under a mutual aid agreement so that together with the heavy shipments of wheat Canada has been a very important factor in supplying foodstuffs during this war.

When our market opened this morning there was very little to guide it. Weather had not been altogether favorable as there had been very heavy rains in parts of Nebraska and this may do some damage to quality. However, the outlook is still for a very large crop and not too much attention was paid to this factor although cool weather over the corn belt and particularly cool nights inspired some buying of wheat on the theory that the corn crop was not progressing sufficiently well with the July temperatures thus far being almost unprecedented. It is also figured that government support will be in evidence from time to time, although late yesterday the CCC explained that the increased buying activity in wheat was not so much an effort to support the market, as it was to get requirements needed for lend-lease commitments, and the various other agencies, such as UNRRA, who are handling exports. Most of the recent buying centered in Ohio and Indiana regions, although we understand that purchases were also made in parts of the Southwest.

The stock market was again rather weak today, and this was due to optimistic news from the Pacific. Some people are of the opinion that with the tremendous bombing of Japanese cities that the end might come this Fall. For the same reason some selling of wheat futures took place today, but trade on the whole was not particularly large. There is talk that support prices for hogs may be advanced from the $13.00 level in order to encourage heavier feeding. Of course, much will depend on the final outcome of the corn crop. If the result would be disappointing as compared with the last few years, we could not afford a population of 122 million hogs without great sacrifices in other directions. On the other hand, the present 87 million pigs are approximately 1 3/4 million fewer than WFA had asked for, and the latter agency is anxious to have a moderate increase, which, of course, could best be accomplished through higher prices.

The new Secretary of Agriculture has stated that the first move he intends to make is to assure abundant production at home, and to obtain this he has promised farm prices which are necessary to get record crops.

Primary receipts of wheat today amounted to 4,042,000 bu compared with 3,938,000 bu last week, and 3,353,000 bu last year. Kansas City stocks for one day increased 752,000 bu, and we expect a rather large increase in the visible supply next Monday.

After mid-session moderate liquidation came into all pits, except corn. There was some selling of oats from the Northwest, although we did not hear of any particular increase in offerings from Illinois. In wheat, there seems to be a fair amount of hedging, and also some offerings from Kansas City, with their market at a discount of about 11 1/4¢ under Chicago.

One of our friends in the Northwest tells us that he believes the last government report can be borne out for spring wheat if they have a fair break in weather. The past week was fairly warm, especially in Montana where temperatures reached the middle 90's. Quite a little territory in North Dakota was visited by local showers, but precipitation was almost totally lacking in Montana. As a result some crop deterioriation is being reported there.

Last prices for wheat showed declines of 1/2 to 3/4¢ per bu.

Rye was quite weak especially the July future, and apparently shorts are covering very slowly. The open interest is still 5 3/4 million bu. May corn receded 1/2¢ from the ceiling.

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July 18, 1945

The night before last the Secretary of Agriculture, Mr. Anderson, spoke over the radio, and for the benefit of those who did not listen to his speech on "food today" we have the complete talk before us, parts of which we shall refer to here, because of the extreme interest to the grain trade. Speaking of corn, he stated that weather during the first two weeks of July had not been corn weather, because it was too cold. Temperatures averaged nearly six degrees below normal over the corn belt. As a result the crop has not been growing as it should for this time of the year. Therefore, members in the Department of Agriculture have begun to prepare for what may have to be done if the corn crop fails, or if an abnormal percentage of the crop is soft corn. He stated that our feed needs are so great that we must be ready in advance to give the American farmer and the live-stock producers benefit of any help which the government can provide if the weather should play us false. Speaking of the possibility of reinstating a feed wheat program, to this he added "a hearty amen", adding that we must begin to replace a portion of the corn ration with wheat, which is more abundant. His idea is that we must conserve corn and stretch its use for feed. To that end, the Secretary will cooperate. He has already reached the conclusion that no corn can be spared for whiskey or other alcoholic beverages. until we are sure that all our feed needs can be fully met.

This gives us a fairly accurate idea of what policies may be followed, but for the time being more attention is being directed to international questions, and the possibility of an early settlement of the conflict in the Pacific. Likewise, the quantity of wheat which will be moved from the country to terminals. The fact that the car shortage is still quite acute leads us to the conclusion that we shall have some pressure for quite a time to come. There is very little wheat going into the loan, and apparently farmers are satisfied to accept market prices, which are somewhat higher. Of course, the end of the war in the Pacific might further release vessels so that heavier shipments could be made to Europe. On the other hand, surpluses in other exporting countries are quite substantial, so that we shall not have to meet all European requirements by ourselves. To be more specific Canada, Argentina, Australia, and the United States on July 1, 1945, are expected to have total wheat stocks of 900 millionbu; this compares with 1,167 million bu last year, and is, therefore, a reduction, but the ten-year average is only 734 million bu, so there is more on hand now than in normaltimes. We believe that since these figures were compiled by the Department of Agriculture some improvement in crop prospects has taken place in this country and in Canada. It is, of course, too early to have definite views on the Southern Hemisphere crops, but it is only safe at this season of the year to figure on average conditions.

Primary receipts of wheat today were reasonably heavy; amounting to 4,054,000 bu compared with 3,343,000 bu last week, and 2,308,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of about 1 1/2 million bu, although the Northwest movement has not yet started.

As for the spring wheat crop, the past week was mostly favorable. It was pretty cool the fore part, with temperatures in the low 40's, and there were scattered showers. The early sown wheat is all headed out, some of which is in bloom, and the latest sown wheat is in the boot. The Government weekly states that conditions were generally favorable for the development of the small grains, except that rains are needed in the northern spring wheat belt, and the North Pacific States. Harvesting conditions in Kansas have been hampered by rains, although considerable progress was made notwithstanding this, and over three-quarters of the winter wheat is harvested in south central and southeastern portions.

The main feature today was the early weakness in rye. Liquidation came into this cereal, affecting other grains, with the result that there were trades in December and May corn at prices under ceilings, although late in the session buying orders brought firmness again.

The oat market was fairly weak; there are not many sales to Chicago, but in the Northwest offerings from the country are fairly liberal, and we believe that the crop is fully as good as the last government estimate.

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CHICAGO, 4 July 19, 1945.

Disappearance of wheat during the current season is expected to be very large. The quantities of wheat for feed will naturally depend upon the outturn of feed crops; therefore, anything which is mentioned at this time is more or less tentative. However, exports will unquestionably be larger than last year, owing to the tremendous European demands for relief; likewise, disappearance will be increased for manufacture of alcohol, although this also depends somewhat on the availability of other grains. We do not yet have the figures on the wheat carryover on July 1st, but according to the Department of Agriculture, the disappearance during the past twelve months has been as follows:

Civilian and military food requirements	550	million bu.
Seed	81	"
Industrial Alcohol	85	"
Exports	145	"
Feed	260	"
or a total of	1,121	"

which would be practically as much as the amount which will be raised this year. However, this does not take into account the quantities we imported from Canada, and that likewise, is an unknown quantity, owing to the fact that very large amounts came to this country, but some was re-exported. We do not yet have the net figure, although it is estimated to be in the neighborhood of 40 million bu.

Everything is completely different from normal times. During the ten years, 1932-41 (the pre-war period) our annual carryover of wheat in this country averaged about 235 million bu. Production during those years averaged 738 million bu, and the domestic disappearance was only 677 million, of which 479 million bu was needed for food, 117 million bu for feed, and 81 million bu for seed. We expect that in the years to come our consumption, domestically, will again decrease, although the alcohol program may be maintained for some time yet because of the synthetic rubber program, but probably the vast quantities now being used for feed will diminish to a more normal basis. On the other hand, it will take Europe a while to recoup from the devastation of the war, and surplus countries may be called upon for rather large quantities until rehabilitation takes place.

It was due to trade restrictions, blockades, and other war conditions that world shipments of wheat and flour were cut to 465 million bu in 1940-41, about 410 million bu the following year, only 365 million in 1942-43, and approximately 500 million bu in 1943-44, compared with an average of about 625 to 650 million bu in the years just prior to that era. However, as we have pointed out frequently, there should be no difficulty in providing the needed wheat for Europe and other countries with the present surpluses on hand. To that extent, it is quite a different affair from the post-war period of World War 1, when supplies had dwindled to such small proportions.

The trade read with interest that a suggestion had been made to WPB to continue the liquor holiday through August. Probably no corn will be permitted during that period, but 2 1/2 million bu of substitute grain will be used. This action is apparently taken in order to prevent distillers from closing down.

Of greater importance, however, was a dispatch from Washington, indicating that the Department of Agriculture was planning to institute a feed-wheat program soon, and that it was intended to set aside between 300 to 500 million bu of wheat for the feed trade in the event anything happened to the corn crop. Here again, the figures are tentative, but if any such quantities should be allocated for feed it might lead to a support program with regular or intermittent purchases of wheat in the open markets, particularly since so very little is going into the loans; therefore, defaults next April might be next to nothing.

Under these circumstances one cannot assume a very bearish position in the wheat market, even with a crop of 1,128 million bu in sight, and the probability of some hedging pressure during the weeks ahead.

Primary receipts of wheat were quite large, amounting to 4,690,000 bu compared with 3,589,000 last week, and 3,165,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of slightly more than 2 million bu. Markets were rather firm owing to the announcement that a big feed-wheat program was being considered. This spread to the various pits.

Oats, likewise, were firm, although there were some tenders on July contracts; the nearby future closed very near the price of September.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 20, 1945.

There was no special news overnight, but the weather over the corn belt is definitely better. Forecasts are for three warm days, with temperatures probably averaging 90° fahrenheit or better. It seems to be somewhat dry on the surface, but considering all the rain we have had the subsoil situation should be very good, and the chances are that the corn crop will show improvement, although recent reports have been on the pessimistic side. We are getting some complaints from Canada, owing to lack of moisture, and indications are that the Canadian wheat crop will not be too good, possibly the final returns will be somewhat under average. However, the outlook for oats, barley, flax, and rye is more optimistic; there is still time for rain, although most of the experts feel that western Canada's grain crop is now in the balance, and that relief should come pretty quickly. The drought has caused some damage in Saskatchewan, although some fairly large areas in Alberta are also suffering.

At this time of the year one must also focus attention on prospects in the Southern Hemisphere, although it is naturally still early. We are getting varied reports from Argentina. There, too, lack of moisture is the general complaint, and plowing and seeding has been hampered. Therefore, the final sown area may be disappointing. The weather has also remained exceptionally cold, and frost damage to the early sown wheat is mentioned. There is one rather interesting comment in The Times of Argentina, which says: "All of our best crops have been the result of moderately dry winters. When we have heavy precipitation after seeding, the plant comes up too fast, and is generally spindly. So long as the earth is not too hard for the ploughs, which does not appear to be the case at present, a dry spell in June or July can be written down as advantageous rather than the reverse."

As for Australia, she has been greatly benefited, and the heaviest rainfall in years brought relief to a dry soil condition. In the opinion of some local experts, the wheat crop might be more or less normal this year, with a prospect at this time of 160 million bu compared with last year's failure crop of only 52 million bu.

There are a few more reports coming through from Russia, and Broomhall calls attention to the acreage situation, with approximately 325 million acres under cultivation compared with a pre-war normal of 375 million acres. In the opinion of the U. S. Department of Commerce, this is expected to take care of the greater part of Russia's food requirements, and accordingly will decrease the necessity for heavy lend-lease shipments.

When our market opened this morning, there was some pressure, apparently hedging, and first quotations were a shade lower. However, there is the general belief that within a week, and possibly in a shorter time, something will be given out from Washington on the support program. Just how it will work nobody seems to know, but there are some purchases being made in May wheat in anticipation of this move, and these seem to cushion the market on declines. Since the car shortage is still quite acute there is no particular pressure, as the arrivals at terminals are quite moderate, and the milling demand is still very large; in fact, all wheat which can be ground into flour is being thus consumed, and this naturally makes the mills anxious, particularly for any high quality and better protein wheat.

Primary receipts of wheat amounted to 4,120,000 bu compared with 3,490,000 bu last week, and 3,489,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2 3/4 million bu.

After an indifferent start, markets firmed up. It seems that the CCC is a buyer of cash wheat from time to time, and the trade knowing that this support is in the market has taken a more friendly attitude. When the market advanced there was considerable short-covering, with the result that wheat futures showed gains of 1 to 1 1/2¢ per bu.

Rye was very strong, particularly the July futures, which is liquidating slowly, and there is still 5 million bu open. With only Saturday and Monday before this future expires, nobody can guess the final outcome. However, with cash corn so tight, there are indications that distillers may use more rye. This is giving firmness to the market, and there was considerable buying of the distant months, with the result that rye gained considerably on wheat.

Oat futures were strong considering the deliveries. However, the country is not a very heavy seller. What the farmers' attitude will be later in view of the tightness in corn remains to be seen.

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CHICAGO MERCANTILE EX.

July 23, 1945

With inflation still the topic of the day, there is nevertheless some consideration being given to the immediate effects following peace in the Pacific. Unquestionably unemployment would rise to a rather high level, but just how high would, of course, depend upon the speed at which civilian industry could expand. Likewise, annual income would be considerably lower, and from the present annual rate of about 167 billion dollars, some believe that it might even fall to 110 billion dollars. Of course, any forecasts made by economists at this time are only tentative, but at least many prices would come under pressure, particularly farm prices, unless there is continued support by government. In reviewing the situation during the present war, we find that prices received by farmers, in spite of all controls, have actually risen about as sharply as they did during World War I. The rise from 1914 to 1919 was 113%, while the rise from 1939-45 has been 112%, taking into account all farm products. As contrasted to this, we find that wholesale prices have risen much less sharply during this war than the last; the rise from 1914-20 was 127%, while from 1939-45 it was only 37%. Taking all non-agricultural products, the contrast is even sharper, with an index rise from 100 to 243 in World War I, while during the present conflict the advance has been from 100 to 122. Thus it is quite obvious that if production gets under way in Europe, and if the surplus countries continue to produce, there will be difficulty in keeping up our prices at home, even through artificial stimuli.

For the moment, of course, these supports are apparent, and while we do not understand just what the government program envelopes, it is a fact that some purchases have been made in the Southwest, and there were bids again on Saturday to purchase wheat at $1.57, which was about 1 1/2¢ over the September future in that market. However, we are told that the CCC has purchased more heavily in the Central States than at Kansas City, but apparently it is their purpose to cover the ground in all territories, and to build up a stockpile which may be free for later exports to Europe, for the feed program, or it may be in the form of a supporting program in order to offset hedges which are currently being placed.

There was very little news when out market opened, except that weather everywhere was warm, and mostly dry. This was satisfactory for the corn crop, but we shall undoubtedly have some complaints from Canada particularly from Saskatchewan, where moisture is lacking in many districts, and where present high temperatures may do some harm. However, with the movement of wheat getting under way, and with some hedges being placed first prices today for wheat were slightly lower, in spite of higher values for rye, and this may be the pattern for some time yet, particularly since the government is not taking everything which is moving to terminals.

We started a year ago with total supplies in -

Canada	790.6	million	bu
United States	1,353.6	"	"
Argentina	356.1	"	"
Australia	197.0	"	"
or a total of	2,697.3	"	"

Before long we shall have comparisons with that period, and then, of course, can come to more accurate conclusions as to what the future holds forth.

The primary receipts of wheat today were the largest on the crop, amounting to over 7 million bu; this compares with 6,300,000 bu last week, and 4,895,000 bu last year. The visible supply of wheat when posted showed an increase of 10 3/4 million bu, with total supplies in all positions more than 80 million bu against 127 1/2 million bu last year. Chicago stocks increased 558,000 bu, which gives us a total here of 1 1/2 million bu. The rye visible decreased 361,000 bu, which leaves a total in all positions of 4 3/4 million bu.

With weakness in stocks, and the optimistic war news there was some liquidation, final prices showing declines of 1/2¢ per bu for the September but nearly 3¢ per bu for the July--the expiring future.

Trade in rye was very erratic; the main feature was the evening up of the nearby month. July rye advanced about 3-1/2¢ per bu, but the deferred months were weaker.

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CHICAGO MERCANTILE EX.

July 24, 1945

In years when there is an active wheat trade in Winnipeg there is likewise a commercial interest, and considerable attention centers around crop prospects at this season of the year. We have received but few reports from Canada in the past few weeks, but yet a country which has 22 1/2 million acres of wheat sown, and where ordinarily the average yield is so big, should come in for considerable attention. This year's acreage is slightly larger than lastyear's, and has been increased slightly above the preliminary estimate of last April, but yet is nearly six million acres loss than was sown some years ago when we had the great expansion. Divided into provinces it will be seen that Saskatchewan has more than twice the acreage of Alberta, and about six times as much as Manitoba. However, the long-time average yield of that province is the poorest of any, and the same will probably be true this year owing to the fact that lately it has been very dry, and recent temperatures have been high. The following table gives these details, which we believe are of interest:

	Dominion Bureau Estimate		Long Time Average Yield Per Acre
Manitoba	2,132,000	Acres	16.0 Bu
Saskatchewan	13,610,000	"	15.0 "
Alberta	6,824,000	"	18.0 "
TOTAL	22,566,000	"	

The condition of grain crops in Canada at the end of June was below that of a year ago, according to the official report, although private estimates were somewhat more optimistic than the official figure possibly for the reason that the Dominion Government may not have taken full account of the beneficial rainfall received in the last few days of June. It is also true that there was considerable improvement during the first week of July, especially in the important producing province of Saskatchewan, but the weather since that time has deteriorated, but probably not to such an extent that it could not recover if we had good precipitation. A year ago at this time the spring wheat condition in Canada was 119% of normal, while the last estimate this year placed the condition at 101%.

When our market opened today it seemed like the calm after the storm. Evening up of July contracts during the last ten minutes of trade yesterday had brought general excitement to both wheat and rye. The fact that July wheat expired at only a small premium over September caused some speculation as to what might be the status of cash wheat, but after more sober consideration, it was realized that the government had been a pretty good buyer in various markets, and so long as this policy persisted there was probably little chance for any severe declines. Consequently there was some investment buying; likewise some covering of hedges, apparently against flour business, with the result that first prices were quite steady.

In rye there was initial weakness, but nothing extreme, and the moment wheat reacted there seemed to be a little more courageous buying in rye coupled with the fact that there is no movement of any consequenc from the country to this market and the chances are that our visible supply stocks will decline further unless farmers sell their rye more aggressively.

In ordinary years Minneapolis starts to accumulate fair quantities from this time forward, but since prospects in the three Northwestern states are only for about half as much as is usually grown, we believe that the distribution factor will make a vast difference insofar as this year's situation is concerned.

The first official estimates of the French crop confirm the fact that a poor harvest is in sight; only 5 million tons may be raised according to present estimate, compared to 7 million tons last year, and a five-year average of 8.2 million tons. As a result import requirements are mentioned, ranging from 1 1/2 to 2 million tons, or possibly as much as 75 million bu.

Primary receipts of wheat were 5,280,000 bu, versus 4,042,000 bu last week, and 3,153,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 807,000 bu.

There were a fair number of hedges taken out of the pit by mills, apparently flour business overnight, but in addition to this factor, the CCC, as near as we can judge, is buying about one million bu daily in various markets; probably a good part of this wheat will be exported. Values at the last were 5/8 to 1½¢ per bu. higher.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
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UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 July 25, 1945.

It will be somewhat difficult to figure out our exact export status until we have a clearer picture of the Canadian situation. In other words, much will depend on the quantity which can be shipped by our northern neighbor, although we still believe that even if only moderate quantities are raised up there, they should have rather ample supplies. A year ago Canada had a carryover of 355 million bu, and a crop of 435 million bu, or total supplies of 790 million bu. It was estimated that home consumption for all purposes, including feed, seed, flour requirements, and alcohol, would take about 160 million bu, leaving a net of 630 million bu either for export or for the following carryover, As near as we can judge, the reserve stock on August 1st will be somewhere in the neighborhood of 300 million bu; or a reduction of about 55 million bu from the previous year. However, the size of the crop is yet to be determined, and reports which are coming in are not too optimistic. It is true, that in the Prairie Provinces scatterd rains occurred the second week of July, and temperatures ranged from moderate to hot, but a wide-spread drought was reported through the southwestern half of Saskatchewan, as well as in the central and southeastern portions of Alberta. It is almost a foregone conclusion that poor yields will be had in these latter areas. However, prospects were good in the whole of Manitoba, which we pointed out yesterday is a province with small acreage. Also some optimism was expressed for crops in the northwest half of Saskatchewan, southwest Alberta, and the Peace River area. Late yesterday it was reported from Ottawa that scattered rains had fallen during the past week in all provinces, but the outlook seems to be somewhat spotted, and we would rather conclude that final results will be for yields below average, which if true will mean that total Canadian supplies may be considerably less than a year ago. Whether this will finally mean an extra burden upon us is difficult to say, but we have long held to the idea that Canada with only 12 million people consuming only 125 to 160 million bu of wheat domestically should not be required to carry reserve stocks in peacetime such as have been carried during the war years. True enough, there may be extra calls upon the reserve countries for the next year or two until European agriculture recovers from the devastating effects of war, but on the other hand a year-end reserve of 150 million bu, or nearly a year's consumption,is certainly ample.

As we receive more crop reports from Europe we find that one country after the other has suffered, and the last issue of "Foreign Crops," by the U. S. Department of Agriculture calls attention to the fact that the grain crop in Greece is estimated at only about 60% of the pre-war average, although this is larger than last year's small production; the deterioration which took place was due to a prolonged drought in that country; likewise, normal late spring rainfall was missing in Macedonia, Thessaly, and Thrace. The Egyptian wheat crop has been forecast at 42 1/2 million bu compared with the pre-war average of nearly 47 million bu. Therefore some imports will undoubtedly take place. However, officials believe that due to the wheat requisitioning program that the crop might be underestimated, and possibly the current yield will be larger than officially forecast.

Primary receipts of wheat today were reasonably heavy, amounting to 4,737,000 bu; this compared with 4,054,000 bu last week, and 3,217,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,394,000 bu.

There was fair buying of wheat in the pit today by mills, this apparently w as covering against further flour sales. However, the volume was smaller than yesterday, but still enough to make itself felt, and as a result prices at the last showed advances of 3/8 to 5/8¢ per bu. Wheat was also influenced by the great strength in rye.

Oats were moderately weak early in the session, but showed some firmness owing to the fact that there is talk of heavy feeding of oats in place of corn, and the movement from the country is not particularly heavy.

Our private reports from the spring wheat districts are still fairly optimistic, but they have had a week of high temperatures, although most of the territory with the exception of Montana has received local showers, which prevented much deterioration. Neverhtless, the outlook is probably for a moderate reduction from the last government figure. We also hear that spring wheat on the Pacific Coast has deteriorated, and may make a smaller crop than a year ago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 26, 1945

While the full results of the British elections are not known, indications point to a possible landslide for the Labor Party, and there are enough tabulations already in to disclose that the opposition has elected a majority of members to the House. This definitely means that Mr. Churchill, Prime Minister, will be out of power, and his conservative government will be taken over. There are some people who forecast there will be nationalization of business and of agriculture, but it is too early also to make these forecasts because sometimes power coming to groups who have not possessed it before become more conservative in their attitude.

Nevertheless, we had a lower stock market this morning, and this also influenced grains. Probably another factor contributing to the decline was the announcement by the government that rye ceilings had been established for the 1946 crop. As we view it, the futures now being traded in are unaffected, but with the price established for cash rye at Chicago for 1946 at about $1.42, this will unquestionably restrain some of the activity which has previously existed. Just how this will work out is difficult to say ahead of time, although the government has relaxed to some extent acreage controls. There is comment from Washington that plantings for next year will be about 2 1/2 million acres compared with the 2 million acres set for the present goal. In other words, an increase of about 20%. Much will also depend on the consumption during the current year, and what our carryover is one year hence.

When our market opened this morning there was some selling, and rye prices declined about 1¢ per bu, but this was followed by a recovery on the theory that there could be no ceilings placed on futures until next July.

There was another item which attracted considerable attention--that was, the wheat carryover figure which was given out by the government. They showed a July 1st reserve of 262 million bu against the previous carryover of 316 million bu. The government had previously estimated that the reserve stocks would be very little changed. Apparently what happened was larger feeding of wheat on farms, although we do not have the complete details as yet. We note, however, the number of chicks and young chickens July 1st was 656 million compared with 591 million a year ago, or an increase of 11%. The commercial hatchery operations during May were 30% above the year before, and a rapid increase in chicks through the Spring has been reported, so that in all probability a good deal of wheat was fed right on the farms without going through commercial channels. In any event the government has better facilities for finding out these facts than anyone else, and we must now assume that the consumption of wheat during the last quarter was very large, and that consequently total stocks on hand will be reduced to the extent of about 50 million bu as against earlier estimates. Of course, if the present crop comes through according to expectations there will be no scarcity. On the other hand, the disappearance is bound to be very large again during the current season; likewise the demand from Europe will be extremely heavy, so that in the final analysis we may have to change our views as the new developments unfold.

Today's trade was a rather mixed affair. As a result of the British elections considerable liquidation came into the pit, but as an offset mill buying was quite extensive, and this served for a time to check any severe declines. It is still expected that the government will buy wheat if the market should break a cent or so from present levels. Influences of this sort, while artificial, nevertheless, cannot be ignored, and we believe that this buying program of the government will be a sustaining factor during the period of movement

Considering the amount of futures which were bought here, wheat was not particularly strong, although late weakness in rye depressed other cereals, and at the last there were declines in wheat of 3/4 to 7/8¢ per bu.

The Van Dusen Harrington report claimed that while adverse weather conditions could still materially affect the final outcome, small grains in the Northwest were approaching maturity, with excellent promise of a satisfactory outturn. They also stated that permanet damage from drought in parts of North Dakota and Montana has been offset to a condiserable extent by excellent progress of crops in South Dakota; where in many places yields will be of bumper proportions.

Oats were quite weak. The present crop is not only the largest since 1920, but is 33% above average. Whether there will be a big movement from farms remains to be seen.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 27, 1945.

A banner wheat crop is being harvested in Nebraska but we understand that there have been urgent requests to support their grain either for wheat stored at home or in the event that elevators are crowded, that support also be given to farmers if the grain has to be shipped to Chicago. As a result, it was announced late yesterday afternoon that the CCC would either buy #1 hard wheat in store at Omaha at $1.57 per bu, or they would pay $1.68 for the same grade of wheat if it were shipped to Chicago, the latter price including 1¢ elevation and 10¢ freight. A number of people, when they heard of this move, figured that the government stood ready and willing to buy all wheat in this market of similar grade at a price of $1.68, but apparently for the time being it only covers wheat of Nebraska origin. In any case, this clearly indicates that the government is actively supporting markets and as a consequence, we had a very firm opening following yesterday's depression.

There was not much other news of consequence, except that more optimistic reports are coming from the corn belt and while the early prospect was not up to recent years, there seems to be a feeling that considerable improvement has taken place since the last official estimate of 2.7 billion bu. was given to the trade on the 10th of this month. It must still be borne in mind that the corn acreage of 92 1/4 million acres is about 5% under last year, and there is little likelihood that we shall reach last year's final results, although indications are that with normal weather from this time forward we shall still have a very satisfactory yield and certainly more than the ten-year average.

The oat crop, while probably being of bumper proportions, cannot be considered in a class by itself because much will finally depend upon the final yield of corn. On July 1st, the farm stock of oats amounted to 211 million bu, or 14% more than the previous year, but it has been our experience that in the last four or five years, that comparatively few oats have come to terminal markets for the reason that our feeding program has been enormous. At the present time, oats are selling for about 2¢ per pound, which is not particularly high in comparison with other feed grains, but the recent weakness has been due largely to disappointment on part of holders who regarded the market action as unsatisfactory, and this liquidation may have about run its course.

We are still told that heavy rains are urgently needed in the large dry areas in southern and western Saskatchewan and eastern Alberta. No estimate has been given yet as to the probable size of the Canadian crop, although most information leads us to believe that the final results will be somewhat under average. There are many districts where precipitation since April 1st has exceeded the normal expectancy and it is not too late yet for recovery in the bad districts although we feel that the change in the weather must come quickly where deterioration has occurred.

Primary receipts of wheat today amounted to 4,303,000 bu compared with 4,120,000 bu last week, and 3,291,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2 1/2 million bu. When the visible supply is posted on Monday, we expect a rather good-sized increase; it will compare with last year's increase of 13 million bu.

Wheat was rather firm right from the start, mostly on the theory that government support prices could not be overlooked. Basing our views now on a carryover of 262 million bu, and adding the winter and spring wheat crops of 1,128 million bu, we should have started the season with a supply of 1,390 million bu, or practically the same as last year. Of course, the spring wheat crop is not yet entirely safe, and there have been rather high temperatures in parts of Montana, so that further adjustments may become necessary in these figures. Meanwhile European production is expected to be somewhat below last year's crop, which would make the sixth successive crop below normal. Present indications are for the smallest wheat crop in the war period. This, in our opinion, means large exports from North America, and very likely the CCC is building up a stockpile for this very purpose.

With not much pressure our market scored fair gains, and at the last values were 1/2 to 1 3/8¢ per bu higher.

Rye was rather indifferent at times, and no doubt the ceiling of $1.44 1/2 for 1946 futures has placed a damper on bullish enthusiasm, but at the same time there are no big stocks here in Chicago, nor are prospects good of accumulating much rye.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 30, 1945.

In normal times we have noted general tendencies almost as regular as clock work. At the close of any season, or just before July 1st, our stocks usually reached a low point, and then gradually increased, frequently attaining their maximum in November, although some times a little earlier. Almost in the same proportion as supplies increased there were likewise increases in the open trade interest, and naturally more wheat had to be hedged, particularly in those years when there was no government support, and no loan program. It is rather interesting to follow events during the last ten years, and we list below the minimum and maximum open interest since 1935, and also showing the record for the first six months of this year.

	MINIMUM		(000 omitted)	MAXIMUM THEREAFTER	
1935	July	68;181		Nov.	130;883
1936	June	53;568		"	102;555
1937	"	83;871		Aug.	141;150
1938	May	64;209		"	121;976
1939	"	65;400		"	99;320
1940	Dec	50;179		May	129;264
1941	June	38;021		Oct	59;540
1942	Dec	25;774		Aug	51;567
1943	Jan	27;980		"	54;122
1944	Apr	26;668		"	55;580
1945	May	33,132	(six months)	Jan	46,284

From the above it may be concluded that the loan program which started in 1938 has gradually decreased the amount of hedges, and likewise the volume of speculation. There was one war year: namely, 1940, when the trade expanded. However, world events at that time were so stupendous that almost hourly economic and political concepts were changing, and it was then that Allied reverses were taking place, and finally France capitulated. Since 1940, however, wheat speculation in general has been at low ebb, and especially since the time of Pearl Harbor, as these figures clearly indicate.

When our market opened this morning, there was very little news, except that there had been splendid rains over the eastern parts of the corn belt. The showers which occurred mostly on Saturday were east of the Mississippi River, and the general tenor of crop news seemed to be a little better. In fact, the Baldwin report stated that corn is thriving under recent favorable growing temperatures, and that despite the backward start, corn has performed marvelously since the first of July. There was relief also in Canada, and we heard that northwestern Saskatchewan and northern Alberta had received pretty good rains and that the rains were continuing.

This may have had something to do with a slightly easier tone to wheat early in the day in spite of the great strength in rye, although some people figured that with the large order pending from Mexico that the trade might have taken some cognizance of this factor. It is believed that within the next few days 5 1/2to 6 million bu may be sold from this country, but for deferred shipment.

After mid-session Mr.Anderson, Secretary of Agriculture stated that he had no intention of recommending an increase in the corn price ceiling, and that the OPA had made a similar announcement previously. He hoped, therefore, that producers who had corn would not hold back supplies in anticipation of a price rise. He also stated that the present ceiling prices on corn are designed to reflect the parity price to farmers, and in fact farmers are now receiving the full parity price.

Primary receipts of wheat today amounted to 5,276,000 bu versus 7,095,000 bu last week, and 4,207,000 bu last year. An increase was shown in the visible supply, amounting to 10,807,000 bu, which brings the total in all positions to 91,130,000 bu compared with 140,452,000 bu a year ago.

There was not much feature to the wheat market. The September delivery was actually lower, but the deferred months were a shade higher.

Oats were very strong, and while there has been considerable bearish sentiment, it is apparent that until the corn crop is ready that the feeding of oats may be quite substantial. Covering of short positions, and investment buying was a factor in today's trade.

Rye was the leader of all grains, and closed considerably higher. It seems that Chicago is not accumulating supplies, and this being the case the nearby positions remain the strongest.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 31, 1945.

On July 25th the Department of Agriculture estimated the carryover of wheat at 262 million bu; subsequently, however, this was raised to 281 million bu. Apparently 19 million bu of wheat which the CCC had in transit had not been included. The original figure looked a little low to us, but knowing that the government had better methods of compiling such data, we simply accepted their estimate at its face value. In view of the correction which they have made, we now figure that the disappearance during the past three months has amounted to 282 million bu, which would compare with 228 million bu last year for the same period, and 279 million bu two years ago. There are other considerations, however,: namely, that in the current season there have been practically no imports from Canada; on the other hand, exports have been very large owing to overseas relief. A year ago exports during that period were very small, while imports were quite large; and during the April to July period in 1943 there were no imports, but likewise very small exports. Thus, we may conclude that domestic usage has notbeen so much greater at the present time than in other years, although previously we had concluded that the amount of wheat being used for animal feeding, and especially for chickens, might be much more than normal.

It is rather difficult to judge matters of this kind, particularly when so much wheat is being used for purposes other than human food. In any case, assuming now that the reserve stock is 281 million and adding to this the government estimate for a combined wheat crop of 1,128 million bu, we are starting the season with a total supply of 1,409 million bu, or a little more than we had a year ago. This is still subject to changes in the event that the spring wheat crop should be reduced from the earlier estimate. Some people are of the opinion that this may happen, although South Dakota is coming along very nicely, and the abundant crop in that State may offset reductions elsewhere.

There again were very good rains overnight in parts of the corn belt, moisture was scattered, but it looks as though Iowa would receive further precipitation. It is also likely that higher temperatures will prevail, all of which is very favorable for the best development of the crop. There is still a good deal of pessmistic talk owing to the fact that corn started so poorly in many localities, and is still backward, but yet with Hybrid seed being used extensively, we can still see a possibility that nearly 3 billion bu might be raised. However, this would mean an average of 32 1/2 bushels per acre .

In the meantime, one must reserve definite decisions for oats, as the two feed grains work somewhat hand in hand. From present indications, we shall raise 1 1/2 billion bu of oats, which would be the best crop since 1920, when 1,440 million bu were harvested. The carryover of 239 million bu added to the estimated crop of 1,418 million bu gives us a supply of 1,657 million bu. If Canada raises a good crop we may import 70 million bu again; as was the case in 1944. Last year's domestic oat crop amounted to 1,166 million bu; at that time we had a carryover of 210 million bu. Therefore, it will be seen that the total supply now is considerably greater than it was a year ago.

Primary receipts of wheat amounted to 4,452,000 bu compared with 5,280,000 bu last week, and 2,847,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 976,000 bu.

There was general indifference in wheat practically throughout the session. There was some hedging, but prior to the change in subsidy there was also a rather liberal flour business both here and in outside markets, and removal of hedges gave us some support, but apparently not enough to prevent minor declines. Quotations at the last were unchanged to 3/8¢ per bu lower.

Rye was very strong, best prices were made shortly after the opening when the September future went to a new high for the season. Subsequently there was profit-taking, and best values were not maintained.

Oats were rather firm, and there was reason to believe that CCC had made purchases, apparently intending to make shipments to Belgium. This had a little influence on the market, with pressure otherwise rather limited.

UHLMANN GRAIN CO.

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CHICAGO, 4

August 1, 1945

As we pointed out in a recent letter, prices received by farmers in spite of all controls have actually risen as sharply as they did during World War I; in other words, the rise from 1939 to 1945 has been 112%, taking into account all farm products. It would not be a fair statement to say that farm loans were entirely responsible for this situation, but after all they had a great deal to do with it. Events during the last five or ten years have been so momentous that a good many people may have forgotten that when the wheat loan was first established in 1938, it was intended to save farmers from ruinous prices, and the loan price at Chicago was 77¢ per bu for No. 2 hard winter wheat. At that time the Secretary of Agriculture had a certain amount of discretion in establishing the percentage of the loan, and he made it 52% of parity in order not to create an artificial situation. Ever since that time parity prices have risen and likewise the percentage of the loan has been increased, with the result that by 1941 the Chicago loan price had advanced to $1.15 per bu, and in 1942 there was an increase to $1.32, the following year $1.42, and at the present time $1.59 per bu. There can be no doubt that we have created a farm prosperity of extraordinary magnitude and under normal conditions there would probably not be the slightest possibility of avoiding radical deflation of that boom. It is rather encouraging, therefore, to note that some cognizance is being taken of this condition and the loan rate for the 1945 cotton crop has been reduced to 92 1/2% of the parity price, which is still very high, and is probably more than any farmer would get commercially from the banks or from other agencies. Last year the average cotton loan rate was figured at 95% of parity and the loans practically rendered the market useless since fluctuations were so narrow. We would consider even an 85% of parity loan for wheat too high on the theory that current levels of farm prosperity are too abnormal to persist. There is little doubt that the government intends to cushion prices for the two-year period after the war in the Pacific has been concluded. It is likewise very probable that the European demand will be very heavy until rehabilitation has taken place, but still there are any number of sound economists who feel that despite post-war price guarantees, declines are already overdue, particularly if we wish to maintain our foreign outlets for the future. The extreme wartime demands for farm products cannot be permanently maintained, and while no one begrudges the farmer the present degree of prosperity, we shall some day have to face surpluses again without resorting to drains on the Federal Treasury.

The government weekly weather and crop report was mostly favorable. Corn conditions generally showed improvement, and even in the northern sections the crop has advanced to a point at which considerable tasseling has been noticed as far as southern North Dakota. In general, however, corn is from ten days to two weeks late, and the question of frost cannot be completely overlooked. High temperatures with scattered showers may hasten development, but there are still many sections where top-soil is dry and where further precipitation would be more than welcome. As for spring wheat, condition is mostly good to very good, although soil is beginning to dry in many areas but the plant is maturing quickly.

Primary receipts were somewhat smaller, amounting to 3,426,000 bu compared with 4,737,000 bu last week and 2,714,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2,121,000 bu.

Trade in wheat was not particularly active but there was fair support on moderate setbacks, and it is figured that sharp declines are not likely with government support apt to make its appearance on minor recessions. The flour subsidy was reduced 1 1/2¢, which had been more or less expected and was of no market significance.

The decision on part of the Directors to settle trades in September corn at the ceiling price of 118 1/2 at the close tonight had very little influence on new crop futures, but oats were slightly easier, with less urgent buying than recently.

Rye also reacted after an advance of 6 to 7¢ during the past week and apparently recent prodit-taking has taken the edge off the market.

UHLMANN GRAIN CO.

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CHICAGO, 4

August 2, 1945.

Total food production in 1945 may be 3 to 4% below 1944 but yet when compared with the five-year prewar average, it is 33% greater. It is true that such foods as meats, fats, oils, sugar, cheese, condensed and evaporated milk, poultry, and certain canned fruits and canned vegetables may continue short in relation to current high demands, but on the other hand the civilian population is not suffering in spite of the tremendous exports to take care of European relief as well as our armed forces. Crop conditions on July 1st indicated good pastures, likewise a good supply of hay and a large crop of oats, and in the meantime, the corn crop, which was estimated to be only 2.7 billion bu, has shown considerable improvement, and we figure that this will be reflected in the next government report to be issued in about a week. Even before this improvement took place, it was estimated that with the supply of old corn remaining and other feed grains and concentrates, including some wheat for feed, we would have about sufficient quantities on hand to take care of the present level of livestock production. However, some economies may have to be practiced in our exports, and also in the quantities of corn needed for alcohol, much depending on the final results of the corn crop. It is too early now to come to any definite conclusions as much will depend on whether or not we have an early frost, although in many localities the crop has caught up, and in reading the Iowa Weekly Report, they say that a good attempt has been made to make up delayed growth during the last week, and in some sections, particularly in the eastern half of the State, it has nearly reached a normal stage. Likewise, some members of the Department of Agriculture are reported to be feeling easier over the corn situation, and that their informal forecasts are that this year's crop may run close to 3 billion bu.

When our market opened this morning, it was influenced by several considerations. The Mexican government had apparently bought a very large quantity of wheat in this country, possibly 5 to 6 million bu, and the hedges had to be lifted to cover this transaction. This was more or less of a sustaining factor, but the brokers found it comparatively easy to make purchases owing to the fact that prices for rye were considerably weaker, and there was a little bearish sentiment all around, especially when the stock market eased. The latter in turn may have been due to the extremely optimistic news coming from the Pacific. Our bombings were not only continuing but in many sectors actually increasing, and fires could be seen from the sky for a distance of 180 miles.

It has been our feeling for some time that wheat prices would not decline materially from present levels. The government is still willing to buy cash wheat on fair recessions, and undoubtedly they realize that the European import needs of wheat and flour will be exceptionally heavy, and may, indeed, exceed all previous records. As Broomhall points out, apart from the requirements of the usual deficiency countries, such as Norway, Switzerland, Holland, Belgium, and Greece, the countries having a big population, such as Italy, France, Spain, and Germany, which had attained a degree of near self-sufficienc before the war, have had very little opportunity of growing sufficient domestic wheat for even a moderate bread ration. It is further contended that in all these countries the need for bread will probably be above normal because of shortages of meats, dairy products, etc.

Primary receipts of wheat were more moderate at 3 1/2 million bu compared with 4,592,000 bu last week, and 3,185,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2,289,000 bu.

Wheat prices held steady during most of the session because of the large number of hedges which were lifted against the Mexican business. The volume of trade was not particularly large. The open interest is 47 million bu; this is not much in view of the fact that visible supply stocks are about double, and are still increasing. However, it does indicate that there is probably a good deal of wheat unhedged, which is very likely due to the belief that government support will continue to give us more or less stability.

Oats were fairly weak, but on the decline there were big buying orders from the East, and partial recovery took place.

Rye was quite weak, and reacted feebly when the leading cereal showed firmness. There have been very heavy reductions in the open interest from the peak figures, and at the present time there are still 27 3/4 million bu open contracts.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 3, 1945.

The Three Big Powers concluded their conversations at Potsdam, and territorially Germany has lost not only everything that was gained during the period of aggression but also she must give up some of her most valuable regions in Germany proper, such as Silesia, East Prussia, and the large section of Pomerania. Furthermore, it appears as though Germany would lose most of her industrial prowess and would revert to more or less of an agrarian State. All this was about as expected and had no particular influence on markets. Securities, which opened before the grain market, were quite firm, but there was no special feature, and when the bell sounded for the opening of the grain market there seemed to be some selling based mainly on the fine crop prospects.

At ten o'clock the Galvin report was released, and this showed imcreases in all estimates over the federal report issued in July. The corn crop of 2,814 million bu was not only interesting from point of view that it showed improvement, but according to this expert, the condition was estimated at 73% of normal compared with 74% last year, and a ten-year average of 73%. In other words, even with the season being so late the present condition is practically up to standard, and this leads us to the conclusion that in the final analysis we may still raise 3 billion bu. In other cereals there is also reason for great optimism. There was an increase of 40 million bu in the wheat estimate, of which 15 million bu was in the spring wheat territory, and this is also quite encouraging for the reason that Montana had sent in some very pessimistic reports, but apparently recoveries in other sections overcame it. The oat crop, which is estimated at 1,537 million bu certainly exceeds most expectations and compares with the ten-year average of only 1,068 million bu; therefore, about 50% more than normal.

It was not surprising under these conditions that a little selling should take place, but on the other hand it has also been known for many months that the European demands would be enormous, and since the government has not purchased much wheat lately in the Southwest, there is always a possibility that they may raise their price, particularly to take care of the boats which are arriving at the seaboard and which have to be loaded. In fact, today the Kansas City office of Commodity Credit Corporation stated that they were authorized to accept a limited quantity of the most favorable offers of #1 and #2 hard wheat each day prior to 11:00 A.M. The price would be based on wheat in store at approved elevators at Omaha, St. Joseph, and Kansas City, or in certain acceptable sub-terminals. These offers are to be submitted on that basis, and the CCC reserves the right to reject all or any part of such offers. The seller will be notified of the acceptance promptly after 11:00 A.M. each day, and this seems to be confirmation of the fact that recent purchases have been insufficient and very likely the government is now willing to pay market prices for at least some quantities which they intend to accumulate.

When this news became known it had a rather bullish influence; likewise we construed it as constructive from point of view of price, although, of course, nobody can judge at this time what quantities are involved. For some time back the CCC has expressed willingness to buy cash wheat in Kansas City on basis of $1.57 for #2 hard wheat, but we think they have bought next to nothing in the past ten days, and possibly are getting a little more anxious now to acquire grain.

Primary receipts of wheat amounted to 3,887,000 bu compared with 4,303,000 bu last week, and 2,517,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2,805,000 bu. There will probably be a fair-sized increase in the visib supply on Monday, which will compare with last year's increase of 10,658,000 bu.

Other grains which were either weak or indifferent at the start also firmed up later in the session, rye coming in for more attention after several days of decline. The Galvin Report estimated the rye crop at 30.7 million bu as against 27 million which was the government's forecast in July compared to the ten-year average of 41 million bu.

In view of the newly announced buying program wheat futures closed at the best prices of the day, final advances of 1 1/8 to 1 1/4¢ per bu being registered.

Corn was about the only cereal which did not respond much to the news, but even it was fractionally higher.

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CHICAGO, 4

August 6, 1945.

After the close of the market Saturday, CCC announced that a crop loan for oats was being instituted. The chances are that the details have already been decided upon but from the sketchy information which we have had, we do not quite understand the complete operation of the program. In any case, it appears as though the loans would average 48¢ a bu on farms to producers, and apparently are designed to facilitate orderly marketing owing to the tremendous size of the crop and the difficulty in getting adequate transportation for movement to market. On July 15th, the average price received by farmers for oats was .659¢, although it varied for different parts of the country, highest prices being received in the New England States, such as Rhode Island, Connecticut, Massachusetts, and Vermont, where farmers actually obtained 95¢ a bu; but as an offset the price in North Dakota ran as low as 54¢ a bu, while theprice in Illinois averaged 64¢. This new loan is somewhat of a departure from the plan that has been established for wheat and for cotton, but in our opinion is much more constructive, because it prevents a ruinous price to producers but at the same time it does not tie up commercial markets. In other words, if there are insufficient cars to move the grain and the farmer needs temporary help, he gets it, but at the same time he will not indefinitely impound the oats, figuring that he can later default to the government without a penalty.

At the opening this morning our market was influenced by copious rains over the corn belt. In some localities moisture was very much needed, although Illinois had received some relief previously, and according to the Baldwin report written a few days ago, they figured that a good rain at this stage of development would be a further boon to the crop, and in the meantime the hoped for precipitation has developed. Incidentally the moisture is also of great value to soybeans, although this crop has developed wonderfully, and in the best sections of Illinois conditions are just as good as are the prospects for corn.

Harvesting of winter wheat is nearing completion, and the final outturn will in all doubt come up to optimistic expectations. Spring wheat is mostly in good condition, but the soil is beginning to dry in most areas from North Dakota westward, according to the U. S. Department of Agriculture. However, there has been practically no mention of stem rust, and this authority claims that it may be considered as being almost negligible for the country as a whole. They qualify their statement, however, saying that there is still time for some rust development in late fields.

In Canada crop conditions have not changed greatly in the past week. Some deterioration is reported as having taken place in dry areas, but Saturday's rains will unquestionably bring needed relief. Their crop-year ended July 31st and exports for the twelve-month period amounted to 327 million bu compared with 340 million bu the previous season. In view of the fact that 35 to 40 million bu came to this country for feed, etc., actual clearances for European destinations must be close to 300 million bu. The carryover figure has not been officially stated but having started the season with total supplies of 790.6 million bu, and allowing 160 million bu for all home usage, net supplies were 630.6 million bu; deducting the exports should leave a reserve of 303 million bu, which has been about the figure which we forecast for the last six or eight weeks.

Primary receipts of wheat were 6,180,000 bu compared with 5,276,000 bu last week, and 4,394,000 bu last year. The visible supply was late in being posted, but Chicago stocks increased nearly 1 1/2 million bu for the week to a total of 4 3/4 million bu. There is only 830,000 bu of corn here, and less than 2 million bu of rye.

While there was no pressure in any of the pits, there was likewise not much support, and for the time being there is no special issue. The CCC received offers from various elevators in the Southwest, but as far as we can judge no purchases were made, and this is the second day that they have been completely indifferent in buying.

Rye was likewise weak, as were oats, with apparently some profit-taking by longs, but the volume of trade was not particularly heavy. The Corn Products' plant at Pekin, Illinois, has closed because of the shortage of corn, and the company's Kansas City plant will operate at only half capacity. While there is apparently plenty of corn back on farms, it is still moving so slowly that industries are having their difficulties.

UHLMANN GRAIN CO.

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amounted to 239 million [illegible] compared with [illegible]
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to leave a reserve of [illegible] million bu, which has been about
which we forecast for the last [illegible] eight months.

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DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 7, 1945

In a few days we shall have another government report estimating crop conditions as of August 1st. In the meantime we have had a very reliable private estimate increasing total wheat production some 40 million bu above the July forecast, and it is now an assured fact that the 65 million acres of wheat for harvest is the largest since 1938. The increased winter wheat acreage of 46.4 million acres reflects the favorable moisture conditions prevailing last fall, as well as the light winter kill, which made the abandonment about the lowest in years. Even assuming that there is no increase from the month earlier, a combined winter and spring wheat crop totaling 1,129 million bu would be 50 million bu greater than the record crop of 1944, and would also be the third wheat crop in the nation's history to exceed a billion bu. Dividing it up into the territories where grown, we find that 522 million bu represents hard winter wheat, 240 million bu mostly from East of the Mississippi, which is largely red winter, while spring wheat, including durum, would account for 255 million bu, and mostly white wheat on the Pacific Coast amounting to 112 million bu. In ordinary times a crop of this size, together with a very large carryover, would create a rather bearish situation, but we must bear in mind that we shall probably have another year of large consumption, including big exports, and thus we cannot look forward to any heavy pressure on the markets, particularly if government buying takes place on a large scale, such as is indicated.

Apparently the CCC is not anxious to boost prices unnecessarily in accumulating a supply of wheat, and for the first two days since the change of program became effective they remained out of the market. It is doubtful whether any purchases were made today at Kansas City, although in other parts of the Southwest we do believe that a few offerings were accepted, judging from the type of hedges that were covered in the pit. It really makes the system somewhat awkward from point of view of the elevator operator, for the reason that there is a nervous tension between 11 o'clock and the next few minutes when the CCC makes up its mind whether or not to accept the wheat which has been offered. Likewise traders and scalpers in the pit are watching eagerly for an inkling as to how much business has been consummated. For example, in today's session there was a slight run-up in anticipation of business, and when the amounts proved rather uninteresting, a reaction followed, but we can easily imagine that if any large quantities are accepted on a given business day at 11 o'clock, there might be considerable activity since everyone is rather guarded and awaiting developments at the zero hour.

Possibly some of the weakness today may be attributed to the news of the atomic bomb. Unquestionably this will shorten the course of the war in the Pacific. We are already finding that the Army flour buying has been unimportant in recent days, and there are, in fact, reports that the Army has cancelled a fair amount of flour contracts, which would indicate that immediate buying by government agencies is not in sight.

Primary receipts of wheat were smaller, amounting to 3,673,000 bu compared with 4,452,000 bu last week, and 2,488,000 bu last year. The visible supply statement which was late in being posted yesterday showed an increase of 13 million bu wheat; total stocks in all positions are 104 1/4 million bu against 151 million bu last year. So far this week Kansas City and Minneapolis stocks show a total increase of 390,000 bu.

The wheat market was never very firm, except at one time, as we mentioned, in anticipation of possible government business. Last quotations showed declines of 5/8 to 1¢ per bu.

Oats were quite weak, and there does not seem to be the same support from the East as we have had heretofore. Some hedging from the Northwest is apparent.

Rye was lower, although there were rallies from the extreme quotations of the day. Trade on the whole was just moderate.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

August 8, 1945.

The United States Department of Agriculture has just completed a summary of the rye market, giving some very interesting figures, which we submit herewith, as they should be of the utmost interest. First of all, they show that rye prices during July were more than double the ten-year average for that period, and about 30% higher than a year ago, reflecting short supplies and a broad demand. Disappearance during the past season amounted to 48 million bu, which was a little less than the previous season, but 8 million bu more than the ten-year average. The carryover stock on July 1st was the smallest since 1938, amounting to 12.8 million bu compared with 30.9 a year ago, and 47.1 two years ago. On basis of the July estimate, the crop and carryover amounted to only 40 million bu; or actually less than was consumed during the past season. However, there is some chance that the August forecast may raise the yield, as has been suggested by Mr. Galvin. In any case, total supplies of only about 40 million bu would be the smallest since 1934, and it is obvious that we cannot export very much during the current season. In fact, it may have been unwise to have sold 4 to 5 million bu in recent months in view of the statistics just given. All this does not take into account possible imports, but judging from the small acreage in Canada, we do not expect that this will be an important factor.

The use of rye in feed last year dropped 15 million bu from the previous season, and we expect that very likely the consumption will remain smaller, possibly about in line with the pre-war average. The use of rye for milling and alcohol during the 1944-45 period amounted to 19 1/2 million bu, and that likewise may be reduced during the next twelve months in view of the higher price, but considering that the ten-year average production was somewhat in excess of 40 million bu, with moderate carryovers, it does bring to mind that statistics have become more bullish, particularly since industrial uses of rye are still quite large.

Just before our market opened this morning, the CCC announced that they had changed their method of buying. Instead of having elevators submit a price for acceptance at eleven o'clock each day, they will consider offers for wheat in store at any time during the session. This is a very wise change, as it does not create too heavy a burden on the market at about 11:15 A.M. on those days when business is heavy. In other words, it permits the elevator interests to spread their operations more evenly during the day's trading session. Likewise, it does not identify each person doing business with the government, as was the case when practically all hedges had to be covered within a ten minute period. We believe that a fair volume of business was put through today, and it can be handled in a more confidential manner than heretofore. In other words, close pit observers are not in a position to figure out the volume of government business when the hedges are covered at the convenience of the grain trade.

There was some selling by northwestern interests, and apparently the movement of spring wheat is close at hand. This partially offset CCC purchases; as a matter of fact even in the Southwest where offerings are lighter, there is still ample opportunity of acquiring supplies in pretty good volume.

Many people are still hesitant in taking a constructive view owing to the fact that the atomic bomb may have changed the entire course of the war in the Pacific, and the end may not be far away. Those who have been bullish for four or five years due to war conditions point out that by next May we may have an entirely different set of factors to cope with, and this is giving us a more two-sided market.

Primary receipts of wheat were only moderate, amounting to 3,183,000 bu compared with 3,426,000 bu last week and 2,068,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 887,000 bu.

Trade in wheat was fairly active and there was some hedging from the Northwest where the crop is apparently making good progress. Most of the weekly spring wheat reports were of the opinion that weather had been favorable during the past week. There were some high temperatures at the beginning but it was cooler and cloudy toward the end. Precipitation was mostly light and scattered.

September rye at times was very strong. It seems that the government is in the market for some rye flour. Also the statistics which we mentioned were accepted in a some what bullish vein.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 9, 1945.

After the close of the markets yesterday, it was officially announced that Russia had declared war on Japan. While this was not completely unexpected, it naturally brought to mind that the war in the Pacific might end sooner, although the announcement of the atom bombs has more or less prepared the world for the peace which is not far away. Thus neither the securities market nor commodity markets were very much influenced, although there may have been some psychological selling but the volume was rather unimportant. The chief factor in wheat still is the foreign demand, which due to war conditions will probably be abnormally large for at least the next twelve months, but in addition to this we have to reckon with the government support program. While it is true that the CCC is not actively bidding for wheat, they are in position to accept offers from various elevator concerns, although nobody can be sure that their price level will be kept on the same plane in the event that futures prices in the Southwest should decline. In this case, it is difficult to judge which is cause and which is effect. In other words, if they continue to accept offers of cash wheat, it is not very likely that futures prices will decline, because their buying is bound to have a sustaining influence on markets. On the other hand, if the foreign news should be overwhelming, there might temporarily be enough pressure from speculative sources that futures would react to a point where the government would buy more reluctantly, although in the main we do not look for any severe recessions, particularly for nearby positions. This likewise brings to mind that inverse carrying charges are likely since deliveries and tenders on contract are apt to be kept at a minimum, particularly if acquisitions on part of the governmental agency are large.

We are happy to report that the heavy rains during the past week brought relief to the drought conditions in northern Alberta and Saskatchewan. Moisture came too late to have a marked effect on the yields of early crops but late sown crops will benefit considerably, according to Sanford Evans. Weather generally has varied from cool to hot over the Prairies. The crops made rapid progress with the high temperatures in those areas where moisture is sufficient.

The carryover stocks of oats on July 1st amounted to 238 1/2 million bu. In a few days we shall have the August government estimate for this year's crop, which in all probability will exceed 1 1/2 billion bu. Thus total stocks might easily exceed 1,700 million bu., which would compare with 1,574 million bu. the previous year and 1,399 million bu. two years ago. The disappearance of oats last season amounted to 1,206 million bu. which was 65 million bu. less than last year but still 170 million bu. more than the ten-year average. Much will still depend on the final outcome of the corn crop. There is still a very tight feed situation, and even in the Southwest where crops were bountiful, there has been nothing recently to relieve the critical shortage of supplies of principal feedstuff ingredients. A good many farmers are holding their oats awaiting further developments, and thus far there has not been much pressure, although coarse grains are moving in fair volume in the Northwest, and this movement should be stepped up as harvesting operations proceed further.

Tonight at 9 P.M. Central War Time President Truman will address the nation over all networks. We shall probably receive additional details of the Big Three Berlin Conference. Other topics expected to be discussed are, briefly, the atomic bomb and possibly Premier Stalin's decision to enter the Japanese War.

Primary receipts amounted to 3,244,000 bu., compared to 3 1/2 million bu. last week and 2,580,000 bu. last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,571,000 bu. Most of the weakness came right after the opening in response to the news that Russia had attacked Japan in two districts However, other factors soon prevailed and the chances are that a fair amount of government business took place although the quantities were undoubtedly smaller than yesterday. As near as we can judge C.C.C. is still paying 1.58 at Kansas City and 1.71 Gulf. This support was enough to absorb new hedges which came into the market and the nearby position was rather firm gaining a little ground on the more distant months.

Rye was weak at times but showed good recuperative power. There were wider swings in this cereal than in any of the other grains.

Oats were subjected to hedging by northwest interests.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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TELEPHONE HARRISON 6232
141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4, August 10, 1945

President Truman, in his radio address to the Nation last night, stressed the fact that Europe today is hungry. He was not speaking alone in terms of Germany but was discussing the people of the countries which had been overrun and devastated by the Germans, particularly those in Western Europe, many of them lacking clothes, fuel, and tools, as well as shelter and raw materials. He stated that unless we could lend some help, distress will increase and we may lose next winter what we won at such a terrible cost last spring. This suggests that large exports of foodstuffs will be needed and may even be increased after the war in Japan has ended. All civilized people were highly encouraged this morning when the Domei Agency had announced that Japan was willing to accept the terms of the Potsdam Conference, with the proviso that they could keep their Emperor. In the meantime we are continuing to fight Japan in the absence of any official surrender offer. Naturally all the Allies must be consulted before any action is taken by us, and it may be days yet before peace is actually established, but we feel certain that developments in the near future will put an end to the Pacific War.

There was quite a little excitement before either the stock or the grain market had opened. Many questions were asked and securities, which were quite strong before the grain market opened, influenced traders to the extent that first quotations in all of our pits were very firm. We believe that there had also been a considerable volume of business with the CCC, but since this is all being done individually, there is no possible way of checking it. We find that aside from offers being made in the Southwest there is a considerable quantity of soft wheat being offered from the red winter wheat States, apparently on basis of $1.78 1/2 Baltimore or Norfolk for number two red. In these circumstances, it is altogether possible that the government will finally own very large stocks of wheat. For the time being, however, the flour demand is extremely poor, and in fact, the mills are making no effort to push for business. The government flour buying, which on many occasions was such an important factor, has shown no signs of improving, but there seems to be a fear that Army flour cancellations may develop, and in recent days the Army has turned over some of its flour to England, which may slow up the demand in other export fields. It is also true that the farmers are well satisfied with present prices. The best indication of this is the small amount of wheat going into the loan and the heavy offerings from the country.There are still some producers old enough to remember the deflation which agriculture suffered in the wake of World War I. Nobody is expecting a repetition of that situation at least to the same degree, but present agricultural prices have been greatly inflated and there can be little doubt that some deflation of the boom is bound to follow in due course, although it may be cushioned by governmental support.

Primary receipts of wheat today amounted to 3,565,000 bu compared with 3,887,000 bu last week, and 2,773,000 last year. So far this week stocks at Kansas City show an increase of 2,012,000 bu; we have no figures at the moment on Minneapolis, but do not think their stocks changed very much. When the visible is posted on Monday, it will be compared with an increase last year of 6,795,000 bu.

After the close yesterday the Canadian government report was issued from Ottawa. They gave no estimate of the wheat crop, stating only condition, but from our analysis we would say that it indicated about 329 million bu for the Provinces, or possibly 350 million bu for all of Canada. Tonight our own government will issue the August figures We believe there was some selling of oats today in anticipation of a bearish report; Generally speaking, there was no important hedging like yesterday, but longs liquidated, and the close was weak.

Stockholm reported that a Japanese surrender offer was received by the foreign office of neutral Sweden, and that the Japanese requested a cessation of hostilities which is being communicated to the various Allied governments. Also the Stockholm radio said that Japan had handed the Swedish Minister of Foreign Affairs a note to the British, American, and Russian governments offering to surrender.

Wheat prices were lower during most of the session, and at the close there were declines of 3/8 to 1¢ per bu. Rye was strong early, and then had a very sharp break, but there was some support on the extreme weakness, with the result that partial recoveries took place.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 13, 1945

Everyone in this country waited impatiently over the week-end for a reply from Tokyo and the radios were turned on frequently yesterday in the hope that good news might be forthcoming, but apparently it is taking a long time for the Emperor and the War Lords to make up their minds. Up to this writing, there is still nothing definite. However, the general feeling is that the peace is not far away, and that Japan cannot subject herself to further attacks by land, sea, and air in view of the terrific punishment that has already been sustained. This being the case, it is logical to look forward to the post-war era and what the repercussions may be. We understand that the War Department has already typed telegrams ordering cancellations in various lines, and unquestionably business of this kind will be curtailed immediately, and the same refers to all types of supplies, particularly since the Army has built up great stock piles in every field. This may even refer to food, although it is taken for granted that tremendous quantities will be needed for overseas relief, and yet there will be some offsets when the reserves that we have accumulated in Europe are released and when our own boys start coming home. The one reason that we were able to wage this war so successfully was by having too much on hand too early rather than the reverse. By the same token the war demands from now on are bound to diminish, which in the long run means closing of some factories, more unemployment, at least until reconversion has been accomplished.

Our markets all opened weak, although there were substantial rallies due to government support, and we believe in the last two or three days, there have been tremendous purchases of wheat in various parts of the country. This naturally meant the lifting of hedges, which was a sustaining influence, and likewise there may have been some buying of oats in the Northwest for relief purposes, coupled with the fact that oats have about reached a point now at which they are pretty close to the loan level. This is not true of all districts, but at least may be a factor in stemming declines.

Weather over the week-end is again very favorable for corn. Numerous showers were reported; temperatures are reasonably high, as is also the humidity. The government report that was issued Friday showed marked improvement in prospects during July, and while the forecast is for only 2,844 million bu, or an increase of 159 million bu since July, we should not be surprised to see another increase if average conditions prevail from this time forward. Even the present estimate is only 385 million bu less than the record crop of last season and prospects have improved sharply in Ohio, Indiana, Missouri, Nebraska, and to a lesser degree in Illinois and South Dakota.

In wheat there is not a very bullish sentiment, despite government support, as it is generally figured that the program is not intended to follow advances, and with the bumper wheat crop in prospect, it may take continued buying on part of federal agencies to prevent further declines.

When the visible supply of wheat was posted, it showed an increase of 10 1/2 million bu. Total in all positions was 114 1/2 million or 43 million bu less than last year. Chicago stocks increased 364,000 bu, which gives us a supply here of slightly over 5 million bu. Primary receipts of wheat amounted to 5,329,000 bu vs. 6,180,000 bu last week but only 3,344,000 bu last year.

Most of the weakness in markets came shortly after the opening. Later on with government support through heavy purchases of cash wheat and the belief that UNRRA was working on a big relief program for the Orient, which would involve large quantities of foodstuffs, most of our markets reacted, and at the close wheat advanced 1/2 to 7/8¢ per bu. The open interest seems to be increasing and we believe that those who are making sales to the CCC are hedging themselves in the futures market in those cases where they do not actually have the wheat on hand.

Oats attracted some attention, particularly on part of shorts, for the reason that they are selling very close to the loan price in the Northwest and this may lessen pressure. There may also have been some investment buying for the reason that this market has had a very big break during recent sessions.

Chicago rye stocks decreased 168,000 bu, which leaves 1,819,000 bu in this market. There was no special feature to rye except that early weakness was followed by recoveries in sympathy with other cereals.

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CHICAGO, 4 August 14, 1945

When grain men came to their offices this morning, there was considerable excitement owing to the fact that the Domei News Agency had broadcast that peace terms had been accepted. The Imperial acceptance was not confirmed, however, from Berne, Switzerland, although first reports had it that it might take hours to decode a Japanese message but later on, and in fact, several hours thereafter, the Swiss Legation announced to our State Department at Washington that this long message in code did not contain a reply to surrender terms. The Allied Nations do not know what was contained in this coded document, although at first it was described by Presidential Secretary Ross as capitulation by the Japs, and for hours there was great curiosity as to when we might expect some official declaration.

Our market opened as usual and the stock markets of the country also started operations on their usual schedule without undue excitement. On basis of the tremendous purchases that have been made by the CCC, it was assumed that the government was going to support wheat, and very likely they are anxious to get control of large quantities in order to take care of relief commitments. It is difficult to judge the size of these operations owing to the fact that CCC is buying wheat in all parts of the country and not all of the purchases are reflected in pit operations because of the fact that the country is a large seller and only the net amounts have to be covered. There are various guesses, however, that 15 to 20 million bu wheat may have been accumulated during the last week or ten days, and this apparently has been a big factor in stemming the decline,which might otherwise have taken place. There was a fair amount of covering this morning by shorts but not so much investment buying, and as we pointed out yesterday, the constructive side of the market does not have too much appeal, as many contend that a market that requires such support is not in a very healthy condition. However, this may all change later on, particularly when the height of the movement is passed, and assuming, of course, that the government buying continues all during the season.

Oats also started firm for a definite reason. The country was reported to be curtailing sales to market, and very likely the combination of a government loan and the drastic break that has occurred is responsible for this condition. With the huge feeding program, there is no necessity of selling on a depressed market, although the oat crop has exceeded all earlier expectations, and with the fine weather prevailing in corn it is generally assumed that the supply and demand situation for feeds will not be quite as closely adjusted. Recent moisture has been favorable for corn and we fully expect that the next government report will show a further increase in crop production, possibly nearing the 3 billion-bushel mark.

Primary receipts of wheat amounted to 3,544,000 bu compared with 3,673,000 bu last week and 2,889,000 bu last year. Kansas City and Minneapolis so far this week show a net increase of 613,000 bu.

Markets were very nervous awaiting word from Japan as to whether or not the surrender terms had been accepted, but in wheat it was noticeable that there was not the heavy covering of hedges which we have had heretofore, and the assumption is that government buying may have been on a smaller scale. Final prices showed declines of 1/8 to 1/4¢ per bu.

Rye was quite weak at one time but recovered when locals took to the buying side of the market. However, there is not the same spirited buying which we had in weeks past. Oats were quite strong and there was hardly any new pressure.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

August 17, 1945

Although the peace terms of the Japanese surrender have not been signed, when the grain trade arrived at their offices this morning after a two-day holiday, they were faced for the first time in many years with a world at peace. While we had been accustomed for so many years to war conditions, we must now attune ourselves to the return of more normal factors. Relief and assistance to the war-stricken world still remains a problem. However, food requirements for the armed forces will undoubtedly be curtailed and what actual supplies can be released for the relief of civilian populations still remains to be appraised.

A dispatch from Washington states that the Department of Agriculture wheat production goal for 1946 of 68 1/2 million acres for wheat may be reduced. Attention is called that there will be less need for wheat for the government's war alcohol program, plus an improvement in prospects for this year's feed crops. No official statements have been issued but prior to the Japanese surrender the Bureau of Agricultural Economics had been estimating 85 million bu for industrial alcohol, 116 million bu to be fed on farms, and between 117 to 137 million bu to be available for feed purposes. The domestic and military consumption had been placed at 560 million bu; seed requirements 81 million; and export requirements 200 to 225 million. It is rather expected that there will be a material reduction in the alcohol program and a possibility that synthetic rubber producers will make use of butadiene rather than alcohol. In some quarters it is thought that the probable carryover figures for next July 1st will have to be materially raised. No official statements as to any revised next year's goals has been issued, but undoubtedly some statements will have to be forthcoming soon as in sections of the Southwest farmers are already planting winter wheat. After the two-day holiday Kansas City, with receipts of 1,738 cars of wheat, has been embargoed. The country has been faced with a very acute car shortage in the past months but undoubtedly this situation will begin to clear up, and many box cars which were necessary for the movement of supplies to our armed forces will be released for civilian uses, permitting the producers to ship more freely.

Meanwhile reports of crop conditions in Europe are not particularly encouraging. The acreage in the British Isles had been reduced by about 900,000 acres, leaving a total of approximately 2 1/2 million acres. France contemplates a rather poor wheat harvest as the result of smaller sowings, lack of fertilizers, and in the Southern section a rather protracted drought. The output from Holland, Belgium, Greece, and Italy will undoubtedly be below a year ago. In Sicily we are advised that the wheat harvest is less than half the normal and both coasts of the Mediterranean have suffered from dry weather. This is being reflected in the exceptionally small wheat crops in North Africa. The outturn in Spain and Portugal will be relatively small, and even in Turkey the harvest is not a large one, although their needs can be met from their rather abundant carryover. The Dominion Bureau of Statistics in Canada reports that prospects in the three Prairie Provinces were generally unchanged last week, although Manitoba will probably show better than average yields. However, Saskatchewan and Alberta are spotty. We had a message from a friend of ours who keeps in pretty close contact with conditions in Canada, stating that in certain districts of Saskatchewan and southern Alberta, where previous estimates had been for about 5 bu to the acre, recent rains have increased the yields from 10 to 12 bu, while oats have also improved, and some fields that were considered almost hopeless may now raise 20 bu to the acre.

Primary receipts of wheat, which included the two-day holiday, total 6,937,000 bu compared with 3,565,000 a week ago, and 1,707,000 on the comparable day last year. So far this week, Kansas City and Minneapolis stocks showed a net increase of 1,398,000 bu.

Trading in wheat was on a somewhat enlarged scale, with a rather mixed trade, commission houses at times being on the buying side while hedges were put into the pit. A very much easier tone existed in all cereals. With the war emergency over a freer movement of grain is anticipated; in fact, one elevator in the Southwest reported that they were offered considerably more empties than could be handled. At the close wheat was 1¢ to 1 1/2¢ lower per bushel.

Rye was subject to liquidation, particularly the nearby future, and apparently that cereal has lost some of its former friends. As far as grains are concerned, prices went up during the war, and it is fair to assume that barring any government program peace should mean

[illegible]

Although the peace terms of the Japanese surrender have not [illegible] signed, when the grain trade arrived at their offices this morning after a two-day holiday, they were faced for the first time in many years with a world at peace. While we had been accustomed for so many years to war conditions, we must now attune ourselves to the return of more normal factors. Relief and assistance to the war-stricken world still remains a problem. However, food requirements for the armed forces will undoubtedly be curtailed and [illegible] export [illegible] [illegible] to be appraised.

A dispatch from Washington states that the Department of Agriculture wheat production goal for 1946 of [illegible] 1/3 million acres for wheat may be reduced. Attention is called that there will be less need for wheat for the government's war alcohol [illegible]

[illegible] requirements have been issued but prior to the Japanese surrender the Bureau of Agricultural Economics had been estimating [illegible] million bu for industrial alcohol, 115 million bu to be fed to [illegible], and [illegible] from 117 to 127 million bu to be available for food purposes. The domestic and military consumption had been placed at [illegible] million bu; seed requirements 81 million; and export requirements [illegible] to 125 million. It is rather expected that there will be a material reduction in the alcohol program and a possibility that [illegible] producers will make use of [illegible] rather than wheat. [illegible] it is thought that the probable carryover figures to [illegible] will have to be materially raised. No official stat[illegible] revised next year's goals has been issued, but undoubtedly [illegible] will have to be forthcoming, such as in sections of the Southwest farmers are already planting winter wheat. After the two-day holiday Kansas City, with receipts of 1,70[illegible] cars of wheat, has been congested. The country has been faced with a very severe car shortage in the past months but undoubtedly this situation will begin to clear up, [illegible]

[illegible]

[illegible] utterly discouraging. The acreage in the British Isles has been re- [illegible] result of smaller acreage, lack of fertilizers, and in the southern section a rather protracted drought. The output from Holland, Belgium, France, and Italy will undoubtedly be below a year ago. In Sicily we are advised that the wheat harvest is less than half the normal and both coasts of the Mediterranean have suffered from dry weather. This is being reflected in the exceptionally small wheat crops in North Africa. The outturn in Spain and Portugal will be relatively small, and even in Turkey the harvest is not a large one, although their needs can be met from their rather abundant carryover. The Dominion Bureau of Statistics in Canada reports that prospects in the three Prairie [illegible]

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[illegible] of wheat, which included the two-day holiday, [illegible] compared with 3,565,000 a week ago, and 1,7[illegible],000 [illegible] year. So far this week, Kansas City has [illegible] net increase of 1,2[illegible],000 bu.

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DAILY MARKET LETTER

MEMBERS:
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CHICAGO, 4

MEMBERS:
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CHICAGO MERCANTILE EX.

August 20, 1945

Using the last government figures, the prospective supply of wheat in the United States totals 1,427 million bu comprising 281 million bu carryover, and 1,146 million new crop. The Bureau of Agricultural Economics of the U.S. Department of Agriculture estimates the disappearance of wheat for civilian and military food as 560 million bu, for seed 81 million bu, or a total of 641 million bu. The estimates of the government were made before the Japanese surrender, and there might be some revision downward of the amount necessary for military food. In the season 1944-45, about 85 million bu were used for alcohol and 116 million fed on farms where grown. We have no way of estimating the amount that will be used for alcohol, but it might be fair to assume that this figure will be reduced to 40 or 45 million bu, although much will depend on the synthetic rubber program now that the war has terminated, but figuring the amount fed on farms the same as a year ago, and 45 million for alcohol, would leave 623 million for carryover, export, and amount to be sold as feed. At the moment the government is placing tentative export requirements at 200 to 225 million bu. The amount that will be disposed of as feed is still difficult to estimate. So far there has been no announcement on part of the Secretary of Agriculture of any feed wheat subsidy program, under which most of the feed wheat was disposed of the past few years. The probabilities are that no announcement will be made of any such program this year until more is known of the size of the corn crop and the actual export requirements. However, there is the probability that the carryover at the end of the season may show some slight reduction from the 281 million on hand July 1st this year.

According to the Searle Grain Co., the probable outturn of the three Prairie Provinces will be 306 million bu. The government estimate for the East is 20 million, and the carryover on August 1st was 258 million, giving indicated supplies for Canada of 584 million bu. This combined with the United States makes a crop and carryover of 2,011 million bu. As far as world prospects of wheat production are concerned for 1945, the Bureau of Agricultural Economics forecasts that exclusive of Russia and China it will be about 5% below that of 1944. The probable decreases in Canada, Europe and North Africa will more than likely be offset by increases in the United States, the Southern Hemisphere, and in parts of Asia. The outturn in the Argentine and Australia was greatly reduced in 1944 and it is fair to assume that the crop will be considerably increased this coming season.

Primary receipts today totaled 4,675,000 bu compared with 5,327,000 a week ago and 3,244,000 on the comparable day last year. Chicago wheat stocks showed an increase of 531,000 bu for the week and now total 5,652,000 bu. Rye stocks increased 155,000 making the present total 1,974,000 bu. When the visible supply was posted wheat showed an increase of 6,638,000 bu for the week, bringing the total to 121,304,000 bu. The rye visible increased 340,000 bu.

With a few exceptions generally fair weather has prevailed over all sections of the corn and wheat belts with rather high temperatures, which should be favorable for the development of corn. The present prediction for the corn belt indicates unsettled conditions with showers by tomorrow and possibly cooler temperatures. Otherwise there was very little grain news over the week-end. Kansas City received 943 cars of wheat vs. 503 a year ago. The embargo on that market which had existed for a few days was lifted, but they have now invoked the permit system, showing that there is still congestion. The government continues to make purchases of wheat in the different markets, although we have not heard of any large quantities today but apparently it is sufficient to keep that cereal comparatively firm, despite the extreme weakness being shown in rye and weakness in other cereals. There has been no large flour business placed since the surrender of the Japanese but it is not believed that the termination of the war in the Pacific is likely to be followed by any large-scale cancellation of Army flour contracts. At the close wheat showed a decline of 1/4 to 1/2¢ per bu.

The Baldwin Elevator Company points out that in 1944 corn prospects declined from August 1st toharvest on account of dry weather and insect damage, whereas this year they consider that prospects have enhanced since the 1st of August. They further comment that with warm weather, another inch of rain in the next week or so, and a normal frost-date, the Illinois crop should certainly make at least the August estimate.

Rye is showing independent weakness. The establishing of high margin requirements to prevent speculative upturns in the market is now having the reverse effect on declines, as the average investor hesitates to make commitments with such large requirements. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 21, 1945

Our Chief Executive is moving rapidly in the reconversion from wartime to peacetime economy. President Truman has just ordered an immediate halt in the United States Lend Lease program, and from Washington we learn still further that the War Production Board has wiped out something like 210 wartime controls. A softening attitude is noted in the elaborate system of wage and salary regulations, and in trying to analyze this situation, it appears that the Office of Economic Stabilization and Price Administration will abandon the principle that no increase in the cost of living be permitted if possible to avoid, for one that will be aimed mainly at preventing any wild, unchecked rise in living costs.

As to the probable effect on commodity markets, the National Grain Trade Council at Washington has just sent out a report that according to their best observation, there is little hope expressed for early removal of regulations on the price of grains and futures as established by OPA. The undercurrent of thought seems to be directed toward the fact that as long as producers are protected by a high support price, the public must be protected by ceiling prices. Of course, any thought of this kind is subject to adjustments, but unless revisions are made the present law assures the producers of a high loan value on basic commodities for a two-year period following the cessation of hostilities . High prices naturally encourage production. The demands of the world at the moment for food are very large. The picture a year from now may undergo a complete change with the rehabilitation of devastated and invaded farm districts in Europe. Undoubtedly UNRRA will ship large quantities of foods for relief purposes but where relief is not furnished the elimination of Lend-Lease will finally place our grains on a more competitive basis as far as exports are concerned.

In trying to analyze the position of rye, we feel that the more distant futures are to a great extent discounting the speculation which had taken place in that cereal. The July future now selling around $1.20 is approximately 40¢ lower than the expiring prices of the July 1945 future. Stocks of rye on July 1st were estimated at 12,800,000 bu. The last government figures indicate a crop of 27,300,000 bu, or total supplies of 40,100,000. According to the Bureau of Agricultural Economics the imports of rye are not expected to exceed half the quantity of the 4,300,000 estimated to have been imported in 1944-45, thereby enhancing our supplies to approximately 42 million bu. Slightly over 8 million is expected to be used for food. The use for feed will probably not be as large as the 19 1/2 million estimated to have been consumed the last crop-year. Exports may somewhat exceed the 3 1/2 million for the past season. The Bureau's conclusion is that very little rye will be available for alcohol and that the overall picture is for a rye disappearance that will exceed the size of the crop, thereby still further reducing the carryover on July 1,1946.

Primary receipts of wheat today totaled 2,808,000 bu compared with 3,544,000 bu last week and 2,611,000 bu on the similar day of last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 737,000 bu.

There were a few scattered showers in Iowa where temperatures still range above normal. However, the prediction seems to be for cooler weather throughout the grain belt, with widely scattered thundershowers. During most of the session all grains were again subject to liquidation, with wheat resisting declines more than other cereals. However, this is not surprising in view of the government buying program, but the market apparently needs constant support from that source. We understand that Mexico will be in the market in the next few days for a fair quantity of flour but so far no sales have been consummated. At the close wheat was 1/4¢ a bu lower to 1/4¢ higher.

Liquidation is still going on in rye, although that cereal is finding more support on sharp breaks.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 22, 1945

Normally Broomhall estimates at the beginning of the season what the probable import requirements for Europe will be, and in the past he has been extremely accurate in these forecasts. We have not seen anything yet that would be indicative of what Europe and the Orient might require owing to the fact that there is great upheaval in most of the war-torn countries, but yet we are convinced that the needs will be very heavy. This has been stated in many different ways but apparently the Department of Agriculture, which has good sources of information, is convinced that owing to the scarcity of concentrated foods wheat will be wanted all during the season. It is also a fact that the burden upon us may be greater on account of the Canadian wheat crop not turning out as well as had been previously estimated. Furthermore, their reserve stock is somewhat smaller than was forecast a few weeks ago, possibly by 40 million bu, which is due to the fact that recent exports have been very heavy. The combined supply, however, is still sizeable, and we would say that a total quantity of 550 to 600 million bu will go a long way in relieving distress, particularly since it is no longer necessary to have the large carry-over reserve at home, as was deemed necessary during wartime. After all, a country of 12 million inhabitants could do very nicely by simply carrying 100 million bu from one crop to the next, and we believe that the trend will be in that direction rather than to permit the big accumulations as was the case during hostilities. Southern Hemisphere crops are not yet made, but it looks as though a yield of 160 million bu for Australia is possible, and even assuming heavier consumption at home, there might be 75 million bu available for export, together with some larger quantities from the Argentine, depending on the final outcome of their crop.

In any case, the United States will function rather importantly as an exporter, and the Department of Agriculture is making all its calculations in that direction. We read this morning that Congress would be asked for a larger appropriation for the CCC, and this action was prompted by anticipated additional support to eliminate breaks which might occur during the early post-war period. Of equal importance is the method and policy of such buying, and we now learn that prices in the Chicago market have been reduced about 1¢ a bu since yesterday, and for soft winter wheat in the East there has been a reduction of 2 1/4¢ a bu. Also, bids at Minneapolis were reduced 2¢ a bu. However, the government is still paying the same prices for wheat offered in the Southwest, and this remains a sustaining factor particularly since we have raised such a large winter wheat crop.

When our market opened this morning there was one item of commercial interest: namely, that Mexico had made further purchases here in America and some hedges had to be covered. This buying apparently had more market effect than the recent government support, and early advances in our market were due to this factor.

The government weekly crop report was favorable for the final development and harvesting of small grains which are nearing completion Northwest. Winter wheat and oats are about finished, although some oats along the northern border might still be affected by weather developments in the next week or ten days. Corn has advanced well with progress in the Ohio Valley good to very good, although a few areas report soil too dry. In Iowa soil moisture is reported ample to make the corn crop if favorable sunshine and temperature conditions prevail longer than usual this fall. The crop is good and is now well tasseled over the State.

Primary wheat receipts amounted to 2,476,000 bu. Last week was a holiday. A year ago, they amounted to 1,590,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of 1 1/2 million bu. In spite of a fair amount of covering, wheat futures reacted at times from the best levels of the day but final quotations showed advances of 3/4¢ to 1¢ per bushel. Rye futures were strong but this was not surprising in view of the fact that for eight successive days the September delivery had declined and short covering today was responsible for the up-turn. Corn was very firm. The country is still very hesitant about selling old supplies although a little new corn is being offered.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.
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MEMBERS:
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KANSAS CITY BOARD OF TRADE
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CHICAGO MERCANTILE EX.

August 23, 1945

Just before the close of our market yesterday, there was an item on the broadtape indicating that France might require 350,000 tons of wheat a month, and this was responsible for the final upturn, although it has been known for some time that European requirements during the season would be extremely heavy. There are a combination of factors responsible for this condition. According to Broomhall, drought has taken a terrific toll in the Mediterranean countries. Elsewhere the combined effects of a reduced acreage, lack of fertilizers, and soil exhaustion during war time with insufficient rotation of crops will be reflected in yields not only small, but considerably under average. The French Minister of Food has made a trip to this country to impress us with certain pertinent facts, chiefly estimating the cereal deficiency of metropolitan France at one million tons and of French North Africa at 2 million tons. Thus it can be seen that more than 100 million bu of grains will be required for countries which in peacetime have generally been self-sufficient. There were occasions when France was even an exporter, but in years when the crop fell short, she generally could obtain enough from her colonies to obviate the necessity of importing from overseas. However, the present situation is a factor with which we must now reckon, and then there are the many other countries that are making similar claims for relief, in most cases claiming considerably more than in normal times.

Mr. Lehman, head of the European Delegation of UNRRA has spoken in most alarming terms of the hunger which would stalk Continental Europe this coming winter unless greater help is forthcoming from the food-producing countries, but Broomhall is not quite so pessimistic in sizing up the situation even though mindful that the requirements will be great. For example, Switzerland has a prospect for a splendid cereal harvest for the third successive year, although this is not the official view. Likewise, there are those in France who feel that the crops have been underestimated, and attention is called to the fact that conditions in Britain are quite favorable, and the weather has not been far different from that which existed on the western continent. In other words, there is still a divergence between private and official reports and time alone will tell who is correct.

When our market opened this morning there was news from Canada that exports of barley were prohibited for the entire season. Since we drew rather heavily on Canada last year for both barley and oats, it brings up the question as to whether this will not affect us, particularly in the East where we have become more or less accustomed to drawing on Canadian grain. Last season we imported 35 million bu barley from Canada and 73 million bu oats. Of course, nothing has been said as to whether oats will continue to be exported, but in view of the drastic step taken with respect to barley, one must naturally raise the issue, although our oat crop is enormous.

Primary receipts of wheat were 2,753,000 bu; a week ago there was no session owing to the end of the Japanese war; a year ago receipts amounted to 2,104,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of 2,389,000 bu.

Government-owned stocks of wheat on July 31st amounted to 95 million bu. We believe, however, that since the first of the month purchases have been very heqvy in all markets, and while we do not have access to anything authentic, it would not be surprising if the CCC had acquired an additional 40 to 50 million bu during that period. Of course, some wheat has been exported and some disposed of domestically, but it is obvious that with the number of hedges taken out of the pits each day that the total holdings now must be sizeable, and then, of course, there was also wheat which was sold by farmers and which was never hedged owing to the fact that elevator interests sold it direct to the government. If these calculations are correct, there is the possibility that the CCC might gradually wish to reduce prices for acquiring further quantities, and this is something that the trade must always bear in mind.

Our market today was reasonably firm with pressure rather light. Also, strength in stocks had some influence but as yet there is no great incentive to take the constructive side of the market, as very shortly we shall have more pressure from the movement of the spring wheat crop. At the last prices were unchanged to 3/8¢ higher. Rye was strong at times but erratic. Much higher prices at Winnipeg had some influence here, and with only about 400,000 acres sown to rye in Canada one can look for only moderate production, and the chances are that exports both abroad and to this country will be small. UHLMANN GRAIN CO.

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DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1945

Mr. Anderson, Secretary of Agriculture, in a radio address last night, stressed the fact that even though food shortages will be less difficult in the months to come, we must not slacken in our efforts to produce and to conserve it; nor in our efforts to make stronger the peace that has now been won at such great cost in human misery and sacrifice. He called attention to the fact that the need for food will continue to be great and that production in Europe can not improve the situation until harvest time next year. While pointing out that Lend-Lease had come to an end, he said other means would be found for financing exports of food so badly needed to overcome despair in the areas of the world where the foundations of peace must now be established for the future. He admitted that all of the food necessary would not have to come from the United States but that the United States and Canada are the two great areas of the world that are now best able to supply food for relief. In the months immediately ahead Army purchases may be down as much as one-fifth to one-fourth below the amounts planned during the time that war was still in progress. For the next twelve months Army requirements may be as much as 40 to 50% less than that planned during hostilities. However, the armed forces apparently do not have the great stocks of food that can be turned loose to the people for an eating spree.

The Secretary also appeared before the Senate Banking and Currency Committee yesterday to discuss the question of full employment. We quote only a short passage from his remarks, but at least they are very encouraging to businessmen who are interested in seeing our national economy quickly restored to a peace basis: "Every reasonable encouragement must be given to private enterprise to produce as many goods and services, and employ as many workers, as possible. Moreover, much can be done that has not been done in the past to encourage private initiative and business activity. The proposed legislation recognizes this, and puts the responsibility on the President and the Congress to review the general economic situation at least once each year, and to take steps necessary to encourage private enterprise to operate at such levels of production asto assure full employment of the working force. Only if private enterprise is unable to maintain full employment, will the government step into the picture with investment and expenditure programs necessary to do the job...."

There was very little grain news overnight although the reports from a reliable source in Canada indicated that wheat production for the Prairies would probably exceed the 300 million-bu mark; but in any case the yields will be decidedly less than normal. We understand, however, that the drought did not adversely affect barley and oats to the same extent as wheat was affected. Searle Grain Company points out if Canadian exports during the coming year approximate 340 million bu, as was the case last year, the Canadian carryover will again be greatly reduced, and thus the burdensome surpluses will gradually disappear. The reserve stock on August 1st is now estimated at 258 million bu, and shows a considerable decline from the 595 million that was on hand two years ago, but, of course, it should be pointed out that a country of 12 million persons normally consuming only about 130 million bu wheat does not have to have accumulations of that kind and that is certainly a healthy condition if Canada returns to a more normal status.

Primary receipts of wheat were 2,846,000 bu compared with 6,437,000 bu last week, covering a three-day period, and 1,898,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 3,364,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 1 1/4 million bu.

Wheat was rather indifferent early but firmed in response to much higher prices for rye and also higher values registered for food grains. At the close there was an advance of 1/2 to 1¢ a bu.

The strength in rye was partly due to talk of export business, also distillers' demand, but in the main we figure that there are no accumulations here at Chicago and not likely that shipments from the Northwest will amount to anything during the season. Canadian rye was likewise strong, with some talk of cold weather and a frost in that country.

Investment buying in corn on the theory that there may be some deterioration between now and harvest seems to be the underlying motive on part of bulls. There is still insufficient corn for the industries, and apparently no desire on part of farmers to sell old corn.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 27, 1945.

After the close of our market Saturday, Washington announced a purchase program similar in character to the one established last year, offering farmers full parity prices for their 1945 wheat, which was placedunder government loan. Farmers who accept the CCC loan have the option of redeeming or selling their wheat next spring to the Department at 15¢ a bu above the applicable loan value less all carrying charges. In our opinion this will not change the status of things very materially, as present market prices are more advantageous, but since farmers have until December 31st to apply for the loan they may impound their wheat late in the calendar year, figuring that by that time the storage and other charges until April 30th will probably amount to not more than about 8¢ a bu. It must have had a slightly bullish interpretation in today's trade but possibly of more significance was the weather, with some complaints coming from the corn belt that the nights have been too cool. The weekly grain market review issued by the government stated that corn made mostly good to very good advance during the week, with much corn now earing northward to Minnesota. In the Ohio Valley progress and condition were good to very good, with the crop earing well; some areas report the soil too dry for best development. In Missouri progress was fair, but condition mostly good with about 60% tasseled. In Kansas corn is generally tasseled and much has reached the roasting ear stage; considerable deterioration has occurred in limited areas. In more northern sections corn made mostly rapid growth, with some reported in roasting ear stage in South Dakota. In Iowa the soil moisture is reported ample to make the corn crop if favorable sunshine and temperature conditions prevail longer than usual this fall. The crop is good and is now well tasseled over the State. Little mention has been made that pastures are lush and that where very often they dry out due to the warm weather in August, millions of bushels of feed is being saved this year, and this must certainly be an important item.

When our market opened it was influenced by higher prices again for securities but in wheat there is constantly the reminder that Europe will draw heavily upon the reserves from the surplus countries. Mr. Lehman speaks particularly of distress in Italy, Greece, and Yugoslavia. There is also a good deal of talk with General DeGaulle in this country that France will be a heavy importer. An official estimate of only 184 million bu for the French wheat crop is, however, considered too low in commercial circles. On the other hand, even if France were to harvest sufficient wheat for her own needs, she might be obliged to send relief supplies to her North African colonies, although we think that the latter will be taken care of mostly by North America. It is also a fact that unless Russia can be pursuaded to release the food surpluses which probably exist in Rumania, Bulgaria, and Hungary, either the United States or Canada may have to satisfy the additional needs of some of the other European countries. Heavy exports of grain from Canada during the past three or four months have reduced August 1st carryover supplies for all grains, as the following figures will show: (000's omitted)

	WHEAT	OATS	BARLEY	RYE
1944	356,531	108,479	45,949	5,594
1945	258,395	97,900	28,809	2,011

Primary receipts of wheat amounted to 4,568,000 bu vs 4,675,000 bu last week, and only 2,694,000 bu last year. When the wheat visible was posted it showed an increase of 8,667,000 bu, placing total stocks at 130 million bu, or 33 million bu less than a year ago. Chicago stocks showed a slight increase with 5,688,000 bu here. Chicago rye stocks declined to 1,805,000 bu.

Early strength was followed by some reactions particularly when corn and oats weakened with some selling of oats by northwest interests; they finally closed lower. This influenced wheat although there was no appreciable pressure, but final prices showed losses of 1/2 to 3/4¢ per bu, except for July wheat. It seems to be the consensus that Secretary Anderson is thinking of a combination of loans and payments, the loans to be lower than the 90% of parity which they are at present, possibly ranging from 60 to 70% and, in addition, the possibility of bounty payments to make up the difference. This, of course, would make it possible to market crops more effectively, and likewise to handle our exports more efficiently.

Rye prices were fairly strong early but yielded ground in sympathy with other cereals.

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CHICAGO MERCANTILE EX.

August 28, 1945

There was nothing of particular significance in the overnight news; in fact; with the exception of getting the final result of the Canadian crop, we have our statistical picture of North America pretty well in hand, outside of determining how large export shipments will finally be. Our domestic supply of wheat is indicated to be about 1,425 million bu. The government forecasts that the distribution of wheat for food, seed and industrial uses may be about the same as the previous season, although exports will undoubtedly be larger, and the quantity used for feed smaller. There are some uncertainties, of course, since these estimates were made before the war ended. For example, they figured on a disappearance of wheat for civilian and military food requirements about 560 million bu. This figure may prove a little high if there is less wastage, but for the time being we must accept it as being about correct.

Last year we consumed about 85 million bu of wheat for alcohol. This figure may finally prove to be somewhat high, owing to the fact that the competitive status of natural and synthetic rubber is headed for a showdown much sooner than had been expected. Before the sudden collapse of Japan the rubber industry had been counting on a two-year period during which time replenishment of war-depleted tire inventories was expected to provide a market for all the rubber, both synthetic and crude which could be produced and imported. However, crude rubber is likely to become available in quantities much sooner than had been expected. Already sizeable crude rubber stocks in French Indo-China have appeared. Also authorities are of the opinion that the tire carcass will be made largely of crude rubber, as it was before the war, since it stands up better than the synthetics thus far produced, being able to withstand the high temperatures generated from the flexing of the tire at fast driving speeds. However, we believe that in any event our consumption of wheat will be much greater than before the war. Last year, for example, 116 million bu was fed on farms where grown , and there may be a repetition this year, much depending on the final outcome of the corn crop.

Therefore, nobody can tell at this time whether our carryover reserve next July will be reduced below 250 million bu, particularly as the question of exports is still such a variable factor.

When our market opened this morning prices were rather steady, and there was not much pressure, although the movement in the Northwest is getting under way. Our advices from Minneapolis are to the effect that farmers are selling liberally, despite the recently announced program to pay full parity for wheat under a purchase agreement. On the grain placed under the loan a bonus of 15¢ per bu would be paid on both farm-stored, and warehouse-stored wheat, less the cost of storage and carrying. This may finally keep some of the grain from coming immediately into commercial channels, although there are no signs yet of farmers impounding wheat; in fact, quantities thus far placed under the loan are very much smaller than for similar period of the last three or four years.

Primary receipts of wheat today totaled 3,397,000 bu against 2,808,000 bu a week ago and comparable with 1,685,000 bu on the same day last year. So far this week Minneapolis and Kansas City stocks show a combined increase of 405,000 bu.

The wheat market was more two-sided today. In the early part of the session there seemed to be hedging pressure coming from the Northwest in both wheat and oats, but later flour sales led to the lifting of hedges and to short covering on part of the locals who had earlier pressed the market. At the close wheat was 3/4 to 1 3/8¢ per bu higher.

Rye, which in the early part of the session displayed weakness, recovered in sympathy with the leading cereal, and on advances stop-loss orders were uncovered. However, later in the session there was a reported sale of 650,000 bu Canadian rye to go to Belgium, which led to a sharp advance in the Winnipeg market, and which strength was further reflected in our market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 29, 1945.

By all reasonable standards the amounts of wheat on hand in the United States far exceed the normal. In the ten-year period from 1932-41, our supplies averaged 982 million bu, consisting of an annual carryover of 235 million bu, and production of 738 million bu, with imports 9 million bu. Likewise during this period our total disappearance was small, amounting to only 721 million bu made up as follows: food, 475 million, feed 122 million, seed 81 million, and exports and shipments 43 million. Thus it will be seen that if the domestic disappearance had not kept pace with the large quantities on hand, we would again have had a surplus problem. Small exports during the war were more than made up by large home usage of wheat, and the same condition continues at the present time plus the fact that our shipments will be very much larger than during any of the recent years. For example, our net exports in the 1940-41 season were 34 million bu, the following year 28 million, and in 1942-43 only 33 million bu. While there was some step-up during the last two seasons, we still shipped less than just prior to hostilities, as in the 1938-39 season our net shipments were about 109 million bu. The small world trade was, of course, due largely to the blockade and other war conditions, with the result that total world shipments of wheat and flour were very small, reaching the lowest point during 1942-43 when only 365 million bu was placed afloat.

Some estimates are heard that during the current season world shipments may amount to about 800 million bu, and, of course, this is the basis for much of the government buying in various domestic markets. As we understand it, the CCC henceforth will announce each day what the previous day's purchases have been, and thus we may have a better conception as to the quantities which the CCC is acquiring for relief purposes. Even with some advance in the market yesterday there was about half a million bu purchased Southwest, including gulf ports, and about 975,000 bu at the Atlantic seaboard. So we feel that our previous guess that 40 to 50 million bu was purchased thus far in August may prove conservative. We should not be surprised if the government owned about 150 million bu wheat at the present time, and in view of the fact that possibly not over 225 million bu will be shipped this season, there may come a time when the support program will become less important. On the other hand, the Southwest movement has already reached its peak and in a few weeks we shall have diminishing receipts Northwest, although with a crop of 834 million bu winter wheat and about 300 million bu spring wheat, there should be a fair movement of grain to market all during the season.

Primary receipts of wheat amounted to 2,745,000 bu compared with 2,476,000 bu last week, and 2,322,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 744,000 bu.

At times wheat was influenced by the great strength in rye, and of course, with short crops both here and in Canada and much smaller reserves, the line of least resistance seems to be on the constructive side of the market. Little attention was paid to the Government Weekly Report on corn, indicating that the situation over the belt shows a rather wide variation in development. It is also claimed that fall frosts will have to be later than usual to avoid rather extensive damage. As for crop reports on spring wheat, the general tone is still optimistic; the past week was ideal for threshing, as it remained comparatively cool; the day-time temperatures were around 80 degrees, and night temperatures as low as 50 degrees. As one authority points out, the samples arriving indicate that the spring wheat crop will be very high in quality, with more protein than last year.

There was not much feature to the wheat market. The September delivery lost a little ground on other months but mill buying kept prices rather steady with the result that the deferred futures closed with gains of 1/8 to 1/2¢ per bu.

Corn and oats were mostly indifferent and the main activity was again in rye. It seems that whenever there are moderate recessions local traders are attracted to the long side of the market, and we had considerable strength in that cereal again today.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 30, 1945.

There was very little news overnight except that northern sections of the corn belt had received good moisture. The forecast is for somewhat higher temperatures, and this is all favorable, although it is generally assumed that unless the crop is given the proper weather conditions for another three or four weeks, there might be some difficulties encountered owing to the fact that the season has been somewhat late. Chances are that markets would have opened about unchanged except that a few minutes before the tap of the bell word came from one of the reporting agencies in New York that permits had been obtained for the shipment of one million bu U. S. rye apparently to the Norwegian countries. Upon further examination, it is disclosed that while this was new business the rye had not yet been sold. Apparently at a discount of some 30¢ per bu under wheat, there seems to be a demand on part of those countries which have been habitual rye consumers; therefore, it is quite likely that some business will result. For the time being, however, there were no hedges taken out of the pit, as this is only latent business, but undoubtedly traders were of the opinion that there might be a removal of hedges when and if the sales were actually accomplished. For some unknown reason Winnipeg really became more excited than we, and their October future during the first few minutes of trade advanced the full 5¢ permissible limit. After making some inquiries in that market we were told that eastern speculators were trying to cover short positions. The market was bare of offerings and the advances were easily accomplished. After top limits were reached, moderate recessions took place with equal rapidity. During the session it was explained from Washington that FEA will issue permits to private interests for the exportation of this rye. The business is exclusive of the requirements of UNRRA and will be for a period expiring December 1945. Apparently it is to be done on an allocation basis with each export sale to be separately approved. In the event that any country has already received its full quota, then no further supplies can be shipped.

Looking at the wheat picture by itself, we have tentative statistics for the first eight weeks of the season. During that period about 30 million bu (including flour) has been placed afloat. This is at the rate of nearly 4 million bu per week. As stated this is not an official computation, but assuming it is about correct and that the same tempo is maintained, we shall export between 200 to 225 million bu during the season compared with net exports of about 110 million bu last year. The latter is arrived at by assuming that 35 million bu Canadian wheat found permanent refuge in this country. As for Canadian exports of wheat and flour, since August 1st they have amounted to 21,700,000 bu, an increase of about 2 1/2 million bu over the corresponding period last year. For the time being Europe does not need such large quantities of grain for the reason that wheat cutting is progressing favorably on the Continent, moving rapidly northward. The general picture is not too bright, however. Drought has taken heavy toll in the Mediterranean countries, while elsewhere the combined effects of reduced acreage, lack of fertilizers, and soil exhaustion will result in under average yields. Thus later demands are apt to be very heavy, and this situation is being discounted through purchases from the surplus countries.

Primary wheat receipts were 3,361,000 bu vs 2,753,000 bu last week, and only 1,997,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 901,000bu.

After mid-session, the CCC posted prices in the Minneapolis marke which they would pay for wheat and oats in the Northwest. It was a two-page document, and like in other places where the program had been previously adopted, they reserve the right to accept or reject offers made by the trade. For quality oats, they were paying a premium over September in store and a slightly higher price f.o.b. Duluth, including thirty days free storage, but the details are a little slow in coming here. This announcement plus rather active milling demand gave our market a firm undertone, and of course, the great strength in rye was also an important factor. Final wheat prices showed advances of 1/2 to 3/4¢ per bu. There was hedging of oats here from the Northwest, also some selling presumably against purchases in Minneapolis, but yet the close was strong.

Ryo prices were up the limit.

UHLMANN GRAIN CO.

[illegible] was very little news overnight except that [illegible] corn belt had received good moisture. [illegible] somewhat higher temperatures; but this is all favorable [illegible] is generally assumed that unless the crop is given [illegible] conditions for another three or four weeks, there [illegible] still be endangered owing to the fact that the seeding was [illegible] that late. Chances are that many would have [illegible] except that a few minutes before the end of the [illegible] one of the outstanding aspects in the news that [illegible] for the shipment of [illegible] U. S. [illegible] Norwegian countries. Upon further examination, it [illegible] that while this was news, business [illegible] was not done, [illegible] at a discount of some 50¢ per [illegible] under wheat, [illegible] be a demand on part of those countries [illegible] have been [illegible]

[illegible]. For the time being, however, there was no [illegible] the pit, as this is only latent business, but undoubtedly [illegible] of the opinion that there would be a [illegible] of [illegible] were actually accomplished. [illegible] become more excited than we, [illegible] October [illegible] the first few minutes of trade advanced [illegible] After making some inquiries in that market we were told [illegible] speculators were trying to cover short [illegible] of offerings and the advances were [illegible] limits were reached, moderate [illegible] during the session, it was explained [illegible] permits to [illegible] interest [illegible] business is exclusive of the requirements [illegible] period ending December 1st. [illegible]

[illegible] the event that [illegible] country may [illegible] no further supplies can be shipped.

[illegible] of the wheat picture by itself, we have [illegible] for the first eight weeks of the season [illegible] 30 million bu (including flour) has been [illegible] nearly 4 million bu per week. [illegible] consumption, [illegible] assuming [illegible] tempo is maintained, we shall expect [illegible] during the season compared with net exports of about 110 million bu last year. The latter is arrived at by assuming that 35 million bu Canadian wheat found permanent resting in this country. [illegible] Canadian exports of wheat and flour, [illegible] August 1st they [illegible] to 21,200,000 bu, an increase of about 2 1/2 million [illegible] corresponding period last year. [illegible] Europe [illegible] such large quantities of [illegible] the reason that [illegible] progressing favorably on the continent [illegible]

[illegible] in the Mediterranean countries, while [illegible] effects of reduced acreage, lack of fertilizers, [illegible] will result in smaller average yields. [illegible] apt to be very heavy, and this [illegible] purchases from the surplus countries.

[illegible] primary wheat receipts were [illegible] vs 2,[illegible] only 1,357,000 bu last year. [illegible] for this week show a total [illegible]

[illegible] discussion, the [illegible] prices in the [illegible] pay for wheat and oats in the Northwest. [illegible], and like in other places [illegible] the [illegible] to accept [illegible] oats, they were [illegible]

[illegible] milling [illegible] the [illegible] in Minneapolis, [illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO, 4

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

8/31/45

The carryover feeling from yesterday was somewhat bullish, and a great many people were questioning the advisability of FEA granting permits for the shipment of a million bu rye in view of the fact that our domestic consumption during the past two or three years has been very heavy. As a matter of fact, our requirements during the past season were larger than the combined crop and carryover, while two years ago when feeding was a big item, we actually used 15 million bu more. Thus it will be seen that with only 40 million bu on hand, as of July 1st, we cannot spare a great deal for shipment abroad unless the price goes to a level at which our home consumption will be considerably reduced. There may be some saving by reason of the fact that several of the beverage plants have been closed, but in the main a prosperous country has little difficulty in consuming 40 million bu, including quantities needed for seed, feed, and other purposes including bread usage. The latter as a matter of fact amounts to about only 10 million bu, as this country has never been a very large consumer of rye bread in the usual sense, and most formulae require about 80% white flour in the manufacture of rye bread; so that we are not in the same category as, for example, the Russians, who eat their bread practically black. There was naturally a great deal of curiosity as to whether any business had developed overnight. As near as we can tell Canada sold some rye to Scandanavian countries, but the amounts were not divulged nor the actual buyer. We do not believe that any American grain was sold, but despite some profit-taking right after the opening of the market we advanced in sympathy with the sharp bulge which took place at Winnipeg.

Otherwise there was not much grain news. It seems that harvesting operations are making fairly good progress in Canada, with cutting now general in Manitoba and eastern Saskatchewan. Rainfall would still benefit late crops, but we believe that the final yields will be considerably lower than last year and somewhat under average due to adverse conditions previously experienced. The same is probably true of oats and barley, although possibly to a lesser degree. Here at home warmer weather has set in, and this is mainly favorable for the corn crop, although in a few sections precipitation would be more than welcome. One authority, who traveled through Illinois, Indiana and Ohio examining the soybean crop, made a very optimistic statement, claiming that fields were mostly well advanced and should be safe from frost if it occurs at the usual date. In his opinion the crop appears to be 20 to 25 million bu better than last year, with yields expected to approximate 210 million bu. Attention is also called to the fact that last year's estimate was probably too high.

Trade is not paying much attention to these factors because of the many artificial influences at hand. We now have the complete details of the government support program in the Northwest. As in other localities they have the right to accept or reject offerings made to them each day. For wheat they appear willing to pay $1.58 in store at Minneapolis for one dark northern or for one northern spring, and a 3¢ higher price FOB Duluth for the same grades; but at the latter points not only is the elevation included but also thirty days' free storage, which also applies to oats which are being accumulated. We were told that a large quantity of oats had been offered by various dealers but that the acceptances were rather nominal.

Primary receipts of wheat today totaled 2,804,000 bu compared with 2,846,000 bu last week, and 2,448,000 bu same day last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 1,028,000 bu. When the visible supply is posted on Tuesday, it will compare with an increase a year ago of 3,724,000 bu.

There was evidence of mill buying throughout the session, and during the major portion wheat prices were higher, partly in response to the strength expressed in rye in both Chicago and Winnipeg. However, shortly before the close rye in both markets suffered a severe setback, and this was reflected in the wheat pit, with closing prices unchanged to 1 1/2¢ per bu lower.

The rye market has been greatly stimulated by reports of export business, particularly from Canada where about 120,000 bu were reported sold to Norway. However, before the close liquidation set in. Up to the time of writing this letter about 300 oats were said to have been tendered on September contracts. In some quarters it is believed that before the end of the day total tenders might be considerably more. It is also thought that a good amount might be tendered in Minneapolis.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

September 4, 1945

There was very little news pertaining to grain over Labor Day. Weather had been satisfactory. Those who drove in cars found that in a general way crops were making satisfactory headway, and this was confirmed by experts such as Baldwin, who stated that it was difficult to visualize the progress corn had made during the past six weeks, but, of course, everyone is still watching the thermometer and the weather forecasts to see how long the frosts hold off. For the next four or five days it is likely that higher than normal thermometer readings will be witnessed over the belt, and thus each day brings us a little closer to maturity. Having had such a backward start it not only requires warm weather now but possibly a killing frost later than usual in order to bring about the best results. As one travels over the country it is apparent even from the road that the moisture situation has been very propitious, with the result that pastures and all feedstuffs look elegant. In this way a good deal of corn has been saved which might otherwise have been fed if drought conditions had prevailed or if pastures had dried out.

Of first importance now is the movement of wheat in the Northwest, and there were 1,509 cars at Duluth and 1,354 cars received at Minneapolis, and also a report that an embargo had been placed on the latter market, although we believe that a labor shortage is still responsible for some of this trouble in that cars cannot be quickly enough unloaded. Late Saturday about 25 or 30 cars were purchased in the Northwest, basis Chicago September price delivered here, and it is possible that some wheat will be tendered on our contracts. However, the government support program is still the guiding factor, and we will not have the same pressure which would ordinarily be exerted if we had normal conditions. Whether it is the intention of the CCC or other governmental agencies simply to accumulate wheat to have a reserve stock for our export shipments, or whether the present program embraces largely the support of markets is difficult to tell. We rather suspect the latter, however, as we find that practically any wheat which is tendered in the various markets is accepted, but by the same token the accumulationsmay finally prove to be larger than were originally anticipated. In some of the spring wheat districts, such as northwestern Minnesota, cutting of wheat is nearing completion, and the early reports indicate good yields and a very high quality, which suggests that the last government estimate may be borne out. All in all it has been a year highly satisfactory from an agricultural point of view, and with the present prices being received by farmers they should again feel a wave of prosperity, as it is seldom that we hav both big yields and high prices.

At the moment flour business is light, but there is enough business on the books to keep industries going at full speed. There was very little feature to our market early, and while there was little pressure there was likewise only moderate buying. Some authorities believe that the flour business will continue inactive for sometime now that lower September subsidy rates have been issued. The Northwest mills did a tremendous business recently, possibly 500% of capacity last week against one-third as much for mills in the winter wheat states.

Rye is still the active grain, with some inspiration from Canada where unquestionably the crop will be small. However, in going back over a period of ten years, we find that in four seasons when the outturn ranged from 3 to 4 million bu, there were some exports, indicating that the home requirements in that country are extremely small.

When the visible supply of wheat was posted it showed an increase of 5,486,000 bu, making stocks in all positions 135,457,000 bu, or 31 1/4 million bu less than last year. There was also in increase of 5 million bu in the oat visible, but rye stocks were up only 141,000 bu, which is not much during a period when ordinarily accumulations take place.

The wheat market was firm at times, but this is not the season of the year when ordinarily advances take place. We expect to see further increases in the visible when the spring wheat movement increases. Therefore, see no hurry for making purchases, although government support may prevent any sharp declines. At the last prices were 1/4 to 1/2¢ per bu lower.

Rye was rather strong at one time with the September delivery leading, but reactions set in when prices at Winnipeg broke. The deferred months show some signs of being tired.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

9/5/45

Not so long ago we used to figure that the domestic disappearance of wheat and flour ranged from 650 to 700 million bu per year. Therefore, when our crops averaged about 800 million bu, it was necessary to export more than 100 million bu in order not to add to our reserves. It also followed that as other surplus nations became highly competitive, when we lost our export markets, or at least when the shipments were reduced, that some of our farm problems increased. It should be borne in mind that the population of this country has greatly increased. Accordingly our consumption of wheat has gone up considerably. It was not so long ago, possibly twenty years back, when we consumed only about 600 million bu, and at the present time even without figuring any wheat for alcohol or additional feeding, we probably consume 700 million bu on the assumption that we now have an estimated population of 140 million persons. In 1931 the census showed only 123 million persons but in 1937 it had increased to 128 million, and by 1941 a further increase to 132 million; thus it will be observed that in fourteen years our population has gone up about 17 million.

Furthermore, we are a nation of great eaters. Few people realize to what extent we fill our stomachs during a year's time. For example, per capita consumption of wheat is nearly 4 bu, but in all other lines it is also very heavy as the following figures will show:

All Meats	136	lbs	per	capita	per	year
Butter	15	"	"	"	"	"
Cheese	5	"	"	"	"	"
Milk	800	"	"	"	"	"
Canned Vegetables	35	"	"	"	"	"
Fresh "	235	"	"	"	"	" (excluding potatoes & beans)
Potatoes	130	"	"	"	"	year
Beans	9	"	"	"	"	"

Another item which one seldom considers but yet an important one is sweet potatoes, with every man, woman, and child using on an average 22 lbs per year. In these calculations we have not listed corn, syrup, eggs, fruits, various juices, margarine, melons, oatmeal, chickens, turkeys, etc., all of which are important but cannot be contained in a market letter of this kind. The point is, however, that with our population increasing and with our standard of living rising, we are gradually finding a larger home consumption for agricultural products.

One of the private experts reported today, and he estimated corn production at 2,904 million bu compared with the official forecast of 2,844 million bu for August. The crop apparently made good improvement in the Ohio Valley, although progress was slower in northern and western districts due to cool temperatures. This report, as well as most others, indicates that a later-than-usual frost will probably be necessary to mature the plant satisfactorily. The government weekly report talks of unfavorable weather with high temperatures and lack of rain causing deterioration in Kansas, but the over-all condition is satisfactory, and with a forecast of warm, dry weather for the next three or four days, a good deal of optimism is felt. After all, the present crop shows a condition about 6% higher than normal and the ten-year average production in this country amounted to only 2,369 million bu.

Primary receipts of wheat amounted to 1,883,000 bushels compared with 2,745,000 bushels last week, and 2,519,000 bushels last year. The embargo at Minneapolis is being felt and we believe that a good deal of trouble lies with the railroads in getting the cars properly switched in the yards, more than actual labor shortage at the elevators.

Hedging was not particularly heavy but wheat was indifferent at the start although finally firmed when oats and corn became so strong and later when there was a sharp up-turn in rye. There was constant hedging here in oats by Northwest sources, but eastern buying absorbed the selling and the close was higher. CCC announced they purchased no wheat yesterday in this district but nearly a million bu was acquired Southwest between the various markets including gulf ports. This support is a paramount factor. Final wheat prices showed advances of 3/8 to 1 1/2¢ per bu. for the deferred months. September was unchanged.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Sept. 6, 1945.

There is nothing very new in the wheat situation. We shall not have an official estimate of Canadian production until September 12th, but in the meantime the crop reports which come from that country are not too bad. Most of them stress the fact that the outlook is for less wheat than last year, but on the assumption that all of Canada will raise about 325 million bu, together with a carryover of 258 million bu, they will still have close to 600 million bu wheat, with a possibility that home consumption will be somewhat smaller than in recent years. Therefore, there will still be large quantities for export on the assumption that it is not necessary to have such big reserve stocks in peacetime. The disappearance of wheat in the Dominion during the past crop year was about 534 million bu, or approximately the same as the previous season. Of this quantity exports accounted for about 350 million bu with possibly 300 million bu cleared to overseas destinations. The current season for shipments may be somewhat similar, and if this is the case there will be a smaller carryover reserve next August, but yet nothing to indicate a scarcity. It is still too early to draw any definite conclusions on Southern Hemisphere prospects. The latest we have from Australia is that stocks at the end of July totaled only 33 1/2 million bu, but as an offset to this, satisfactory rainfall was received during the past month and prospects for the new crop are very promising in all States.

The paramount factor, of course, is the requirements from overseas, and particularly with the relief agencies in the field to take care of the distress and poverty which has arisen. Just yesterday UNRRA asked for an additional $1,350 million; and it is interesting to note that Italy has been admitted for relief, and is slated for a program equivalent to 75 million bu wheat, with every indication that this cereal will assume the major portion of the program. Austria also has been approved for relief grants but detailed requirements are not yet determined. Lend-Lease credits in France and Belgium can be translated into dollar credits to buy supplies in the U.S.A., so that while Lend-Lease, as such, is not operating, there will be other substitutes to obtain food supplies. So far as is known negotiations for the purchase of wheat are not under way between France and the CCC, but it is pretty well established that France will require reasonable quantities of grain, and we have heard of delegates from that country coming over here to see what can be worked out.

The CCC wheat purchases were only 22,000 bu in Minneapolis yesterday, but 150,000 bu was acquired by this agency in the Central States, while acceptances in the Southwest were the heaviest, totaling 635,000 bu. Of this quantity 50,000 bu was in Kansas City, 250,000 b u in Omaha, and 335,000 bu for shipment to the Gulf. Thus the support program is still a very important item and apparently is preventing much weakness in markets, even at a time when northwest accumulations are taking place.

There is still a great deal of attention being paid to the outcome of the corn crop. About one-third of the corn in Iowa is still vulnerable to frost damage if the first killing frost occurs at the usual time, which is somewhere between September 30th and October 5th in the northern part and October 5th to 10th in the South. As is pointed out this indicates that the chances are even for a very serious soft corn problem, but little attention is paid to it yet and the volume of trade in the corn pit is not particularly important.

Primary receipts of wheat amounted to 2,688,000 bu vs 3,361,000 bu last week, and 1,620,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,130,000 bu.

Just after mid-session it was announced that the President was asking Congress for additional measures to strengthen the machinery for carrying out support measures for agricultural commodities. He claimed that Congress had wisely set aside half a billion dollars of Lend-Lease funds for price support, but in order that it might be used most effectively whenever the need arises, Mr. Truman recommended early legislation which would make these funds available to CCC. The trade construed this in a rather bullish vein, as it was figured that farm prices would be safeguarded through various support measures. At one time wheat advanced rather sharply, although there were some reactions, with the closing showing an advance of 1/4 to 1/2¢ a bu.

Rye was also very strong, but reacted when Winnipeg October rye broke nearly 5¢ from the high point of the day.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 7, 1945.

Despite the fact that pastures have been more than satisfactory for this season of the year and that forage feed has been abundant, the demand for concentrates has continued exceptionally strong during the past few months. This may be largely due to the fact that the movement of corn has been almost nil and farmers are apparently waiting to see how the new crop comes along before making larger sales. Even the movement of oats in the Central States has been retarded for the same reasons, although the visible supply has been increasing and the Northwest has been a reasonably heavy seller. In any case, farm prices of feed grains have been ruling about 5 to 10¢ per bu lower than a year earlier but in certain parts of the country there have been scarcities, and this may have been somewhat accentuated as imports of oats from Canada are smaller than they were a year earlier. Since August 1st we have taken 2 3/4 million bu oats from our northern neighbor, and at the present time the equalization tax is too high to permit passage of much grain to the United States, although we understand that permits are still being granted for such business. Barley shipments have been stopped for the entire year, and only 1 1/4 million bu has been imported from Canada. In wheat there are not many changes from day to day. Our export business is continuing at a fairly steady tempo. As near as we can tell about 34 million bu wheat and flour has been placed afloat thus far, and the present rate of about 4 million bu weekly is being maintained. Should this continue it would mean shipments for the season somewhere in excess of 200 million bu, but, of course, much will depend on the activity of the various relief agencies, and from the present outlook very little is going to be shipped through private hands,

There were a number of other factors, although these did not have much influence on our market. The CCC increased the price that it was willing to pay for number one hard wheat in store Chicago to $1.67, or 1¢ higher than previously, but prices in other markets were unchanged. The CCC purchased 700,000 bu yesterday in this district but this was wheat mostly destined for Philadelphia, and we doubt very much whether they are able to buy any quantities here in Chicago for the reason that there is a fairly active shipping demand and the mills are paying 2 to 3¢ per bu higher than the government basis. There was nothing purchased yesterday in the Northwest, although 50,000 bu oats was acquired by CCC at Duluth, the price being 60 1/2¢ per bu FOB boat. In the Southwest CCC purchased 225,000 bu wheat yesterday, of which 50,000 bu was at Omaha, and 175,000 bu for shipment to Gulf ports. The total amounted to nearly a million bu in various positions, and this again brings to mind that the support program is an important factor. It confirms the President's remarks yesterday that every effort would be made to strengthen the machinery for carrying out price support commitments. Thus there was no special pressure, although there seems to be hesitancy on part of buyers with the spring wheat movement still to come, also traders reason that if it requires so much support, the intrinsic situation may not be so sound and it may require time yet before government purchases are in sufficient volume to actually tighten the price structure.

Latest reports indicate that grain production in the United Kingdom will be somewhat smaller than last year's large crop. The wheat harvest is now reckoned to be about 80 million bu compared with 117 million bu last year. However, feed grains may be somewhat larger. Due to drought conditions Portugal has suffered, and arrangements are being sought for the importation of foodstuffs to overcome local shortages. The Bank of Montreal report is somewhat pessimistic, indicating that the Canadian wheat crop will be substantially less than a year ago and may even fall below the average of the last ten years. Outside of Manitoba the crop is variable.

Primary receipts of wheat were 2,454,000 bu compared with 2,804,000 bu last week and 2,132,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,338,000 bu. When the visible is posted Monday, it will compare with last year's increase of 143,000 bu.

There was firmness in markets early but when rye reacted about 3¢ from the best figure of the day, wheat declined fractionally, and final prices were unchanged to 1/2¢ per bu lower.

Oats and corn were also a shade off. Trade on the whole was not particularly large,

The embargo at Minneapolis was lifted but one was placed on Buffalo.

UHLMANN GRAIN CO,

Despite the [illegible]

this season [illegible]

demand for [illegible] during

last few weeks. This may [illegible]

[illegible] of corn [illegible]

to see how the new crop [illegible]

One reason, although [illegible]

Northwest [illegible] had a [illegible]

[illegible] of food grains [illegible]

a year [illegible]

[illegible] August [illegible]

[illegible]

There were [illegible]

[illegible]

This was [illegible]

[illegible]

[illegible] support, [illegible]

actually [illegible]

Latest reports indicate that [illegible]

[illegible] will be [illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 10, 1945.

There was fairly general moisture over the week-end. This extended into Iowa, and while temperatures are somewhat lower, we believe that recent weather has been favorable for maturing corn. According to the Baldwin Elevator report on Illinois conditions, sunshine and high winds have worked wonders in pushing the corn crop ahead. Ears have pollinated well and are good-sized, being well filled. Late corn is suffering in sections lacking in moisture, but we believe that the government report to be issued after the close of the market today will probably estimate the crop at 2,900 million bu or more, which after all is very satisfactory in view of the poor start. Late Saturday, reports came from Canada that shipments of oats from the West would be prohibited to Ft. William and Port Arthur and apparently there is the feeling that with the crop 70 to 100 million bu smaller than last year, most of the oats will be needed at home for feeding and that consequently the export movement should be kept down. This had an immediate influence on our market this morning, with first prices showing a gradual advance. While it is true that we may raise close to 1,600 million bu, it is also a fact that it will take a larger primary movement in order to take care of the Eastern demand, particularly in the Northeast States. In other words, if we are more dependent in New England upon domestic supplies than on Canadian grain, as was the case last year, it will undoubtedly make some difference, and the strength in the feed grain situation generally affected not only oats, but corn as well, with early prices about 1/2¢ per bu higher.

In wheat there had been little news over the week-end. CCC purchases in the Southwest were nil, but 225,000 bu have been acquired in the Chicago district, and 25,000 bu in Minneapolis together with 35,000 bu at Sioux City. The quantities, however, are much smaller than previously, and this brings to mind that if the government is anxious to build up a large stockpile for overseas relief, they have the power to raise the price, and it is thought that this may gradually come about as time goes on. They might contend that since the cost is 1¢ per bu per month to carry wheat, they can advance the price by that amount, and the trade is watching this development to see whether any steps may be taken later on. While the visible supply is still increasing, we shall soon reach the peak of the movement Northwest, and sometime in November it may not be quite so easy for the CCC to buy wheat, although with the tremendous crop raised, there will be a fair movement to market all during the season. We feel that with more than 1,400 million bu crop and carryover, if the government stands pat, they will finally get all the wheat they want at their own price, but if their program embraces more than mere support and is intended to keep the market firm, any advance in their buying price would naturally influence the entire market. This, of course, is preventing any sharp breaks at this time even though some hedges are being placed.

A report from New York quoting the London Daily Express told of heavy rains in England during the past two weeks, including one downpour which lasted for six days. This, they say, has made practically every method of harvesting unworkable, and as a result one-third of Britain's wheat crop is endangered. However, we are somewhat skeptical, feeling that dry weather may still make it possible to harvest this grain safely. In any case, import demands will be enormous for the remainder of the season, and this also is giving impetus to the buying tempo of CCC, since they feel that the European outlets, together with some Oriental demand, will use up a large part of the reserves in North America.

Primary receipts of wheat were 2,650,000 bu; last week was a holiday and a year ago they amounted to 2,661,000 bu. The visible supply was late in being posted, but Chicago showed an increase of 119,000 bu, making total stocks here 5,814,000 bu. Chicago rye stocks increased 71,000 bu to a total of 1 3/4 million bu.

Markets were all firm. Great strength in Winnipeg October rye which carried that future to a season's high had some influence here although later it was stated that with rye prices higher than wheat in Canada, it might prevent further export business. This caused some reactions both there and here. This, in turn, influenced other cereals so that best prices were not maintained. Wheat at the last showed an advance of 3/8 to 7/8¢ per bu. Most of the other cereals also gained fractionally.

We reported recently an embargo at Buffalo. This apparently was unfounded.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept.11, 1945.

After the close of the market yesterday, the September government report was issued with a forecast of 1,152 million bu wheat, which is a record crop for all time. There was no change in the winter wheat forecast of 837 million bu, nor will there be one until next December, but spring wheat production was increased 6 million bu, and apparently the crop in the Northwest is about safe from all hazards. There was also an increase in the probable production of oats, with yields estimated at 1,575 million bu, which is also the heaviest production on record, and this was an increase of 29 million bu over August. The greatest surprise, however, was in corn, with indicated production 3,069 million bu and the yield per acre, surprisingly enough, was as great as last year, but with 5% reduction in plantings the crop will be somewhat smaller than it was in 1944. However, an increase of 225 million bu during the month was more than had been expected by the trade, although it was qualified somewhat by statements that it would require good weather during September and a late frost to bring about these results. Thus, with some caution, the figures themselves did not have quite the bearish influence which might otherwise have been the case, as it has been repeatedly stated that with the backward start, the crop is still a week or two late in many sections. Nevertheless, the first ten days of September have been very favorable for crop development and on the assumption that the average killing frost will not occur until about the 8th or 10th of October, we still feel quite optimistic.

The trade is still faced with certain fundamental facts, principally the support of wheat, and while the recent purchases have been rather light, they would undoubtedly increase if we had moderate recessions. Yesterday, for example, the CCC bought 100,000 bu of wheat at Sioux City but nothing else in the Northwest including Minneapolis or Duluth. In the Chicago district, no acquisitions were made, while in the Southwest, the only transaction took place at Omaha, with 50,000 bu purchased, and at this rate, the accumulations are on a much smaller scale.

In rye there was no revision this time, the crop still being placed at somewhat less than 28 million bu. However, including the carryover the total supplies are in the neighborhood of 40 million bu, which is about an average crop in normal times. Thus the supply and demand picture is somewhat closely adjusted, although recent advances in price will unquestionably lessen the chances for further exports, and finally we shall be able to pull through, although some of the rye mills may encounter difficulties in getting their supplies. This is due largely to the fact that the distribution is different from normal times, and there seems little likelihood that Chicago will have heavy accumulations at any time on the crop. Even now with the movement on, the visible supply increased only 24,000 bu for the week, and likewise there is not much chance of importing any rye from Canada owing to the fact that their crop is also very small and probably a moderate surplus will be either exported to Europe or carried over into the next crop.

Primary receipts of wheat amounted to 3,112,000 bu compared with 5,262,000 bu last week and 3,353,000 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 385,000 bu. The visible supply was late in being posted; there was an increase of 5,657,000 bu the past week, bringing total supplies to 141 million bu, which is still 15 3/4 million bu less than last year. Corn decreased nearly half a million bu but there was an increase in the oats visible of 5,763,000 and Chicago is gradually getting a fairly good stock of oats.

Markets were weakest at and shortly after the opening; nothing very pronounced, however, and when locals observed that the government report had so little influence, there was a buying spurt, which became accentuated after mid-session, particularly in rye. There seems to be very little pressure and at the last wheat scored an advance of 3/4 to 1¢ per bu. Other grains moved up in sympathy, and even corn, which was lower at the start, recovered and closed higher. Rye was strong and so were oats.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 September 12, 1945

In spite of the very large production in the United States, the situation, taking the world as a whole, is not quite so glowing owing to the fact that European countries have suffered from the war, and we now find that total world wheat production in 1945-46 is estimated to be about 5,400 million bu, which is a decline of 5% from last year and 8% less than the 1935-39 prewar average. The rye crop of about 1,400 million bu is 8% smaller than 1944 and is 16% less than the prewar average. Because of these reduced harvests, particularly in Europe and North Africa, a sharp increase in the international trade is to be expected compared with recent years, but this in itself is meaningless owing to the fact that world shipments have been running very small for three or four seasons, and even a much heavier demand on the surplus countries would not be particularly alarming. The great question, of course, is just to what extent foreign buying will take place, but there seems to be a better sentiment in the market on the theory that government support will be a factor for a long time to come.

According to Russell's News Service, it was rumored that our government had sold 350,000 tons of wheat to France, which would be the equivalent of about 13 million bu. It is our understanding that this wheat is finally destined for North Africa, to be shipped within sixty days. Thus one country after the other which has been devastated may gradually have to seek help from the outside. This is notably true of North Africa, Spain, Italy, and parts of the Balkans. Now that censorship is no longer a factor, we learn that fertilizers have about reached the lowest level, and it may take some time yet before the soil is reconditioned. For example, Hungary reports a crop of only about 27 million bu against a prewar average of 91 million bu. Consequently, an important surplus area has been greatly reduced. Other Danubian countries report around half or less of the prewar crops, and in Germany many of the best surplus areas now report a deficit, so that the over-all condition is quite serious. The Soviet Union was said to have planted a larger acreage, and also, harvested a better crop than in 1944, although the returns are still below prewar average. In all these calculations, the 1937 boundaries are taken into account; otherwise, European totals would be correspondingly smaller and the Soviet Union larger if harvest figures had been shifted.

When our market opened this morning, there were fair offerings of wheat, and messages from the Northwest told of a rather indifferent flour demand. This was rather surprising in view of the fact that the government was presumably requesting large flour offerings and had urged mills to sell as much as possible for September and October shipment. It was further stated that the flour would move from the eastern seaboard but that large amounts would also be wanted later at the Gulf. This may have encouraged some buying, although today's business was apparently disappointing, and thus sentiment was tempered.

CCC purchases during the past two days have been next to nothing. For example, yesterday this federal agency acquired no wheat in the Northwest, in the Southwest, nor in our district, although 5,000 bu oats was purchased at Duluth at 59 3/4 FOB steamer. It is still true that the CCC price may be advanced but nothing definite has been forthcoming, and as far as we can tell there is no desire yet to accumulate oats in the Chicago district. According to a news dispatch, rather heavy quantities of oats had been sold from Canada to come to the United States, and we also observe that the Northwest was offering oats to come to Chicago but the movement in this section of the country is light, and apparently farmers are still awaiting the outcome of their corn crop before offering on a more liberal scale.

Primary receipts of wheat amounted to 2,527,000 bu compared with 1,183,000 bu last week and 2,296,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 609,000 bu.

The wheat market showed moderate strength, but at times there were recessions when September rye weakened. Trade was not particularly active, but there was some hedging again by northwestern mills. Final prices showed an advance of 1/4 to 1¢ per bu.

Weather is a few degrees colder than normal for this season of the year, but no important frosts are expected; in fact, it will probably warm up after Thursday. However, the forecast for Iowa is continued cool, with light frosts in the northwestern and extreme western portions tonight. For Minnesota, local light frosts southwestern and extreme western sections tonight. This had only moderate market influence.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 13, 1945.

After our market closed yesterday, the Dominion Bureau of Statistics at Ottawa issued their first estimate on crops, forecasting 321 million bu wheat for the entire country, of which slightly more than 20 million bu was in the East. This figure was about as expected, although it compared with last year's final yield of 435 million bu. However, it did not furnish any surprises. The average yield per acre is the poorest since 1937, but yet with a carryover of 258 million bu in that country, there should be ample wheat even figuring on heavy requirements from overseas. The oat crop was estimated to be 388 million bu. This is a reduction of 111 million bu from last year, or a little more than had been expected. Most people figured that the crop was from 70 to 100 million bu short of last year. However, neither of these factors was of much market significance, although our prices were rather firm when the opening bell sounded, and there seems to be the feeling that European requirements will be extremely heavy.

Government flour buying for various needs is predicted to continue for a long time to come, and momentarily this is having about as much influence as anything else. However, the buying is not too aggressive for the reason that many traders figure, and we believe correctly so, that the domestic consumption of wheat will diminish now that the war is ended. If we finally raise 3 billion bu corn, feeding of wheat should be lessened, although at the moment corn is very scarce, and we understand that there is not a bushel in Chicago unsold. However, part of the holding tendency by farmers may be due to lack of help. "3 million men, women, and children will be needed during September, October, and November to harvest the Nation's 1945 bumper crops", according to the Department of Agriculture. They further state that shortage of farm labor is now at its tightest point of the war years. There has been scattered increase in the supply as the result of the cessation of hostilities, troop demobilization, and war industry cutbacks, but some of these gains have been offset by the departure of workers from farms since the shifting of manpower controls.

With the recent advances in the market, the CCC has not been able to buy much wheat. Yesterday no purchases were reported either in our district or in the Northwest or in the Southwest. This may be followed by a lifting of the price level, although we are of the opinion that present stocks on hand should easily last for the next six months. There is no way of knowing exactly how much wheat the CCC has on hand since they do not make known the total acquisitions. Our guess is that they hold upwards of 150 million bu. By the same token there is no accurate way of knowing what our exports are, although a week or so ago we wrote to the Department of Commerce asking if they would not render these figures monthly, since there was no longer any need for secrecy. According to Sanford Evans shipments of wheat and flour are at the rate of about 4 million bu per week, but we feel that the trade is entitled to more detailed knowledge, particularly since censorship no longer accomplishes any purpose.

Primary receipts of wheat amounted to 2,398,000 bu compared with 2,688,000 bu last week, and 2,648,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 811,000 bu.

Trade in wheat was moderate, but there was a fair recovery from all minor recessions, and apparently the government program is keeping people more or less off the short side of the market. With the movement in the Southwest of smaller proportions, and not very much pressure from the Northwest, buyers seem to have some advantage. Final prices showed advances of 1/2 to 3/4¢ per bu.

Corn was moderately firm, although some sales of December keep coming into the pit, despite the tightness of the cash article.

September rye was weak, probably influenced by deliveries of 150,000 bu yesterday. However, it is still commanding a very good premium over the later months.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 14, 1945.

In a recent work by several able authorities of Stanford University, we have the "World Grain Review and Outlook; 1945," and the conclusions cannot just be summarized in a sentence, but perhaps the most significant statement is that "The postwar export movement of wheat from North America will probably not be large enough to bring substantial relief from the sizeable wheat surplus likely (barring crop disasters) to be held at the end of the war by Canada and the United States." In a discussion of policy considerations, it is suggested that the United States discontinue the costly practice of supporting domestic wheat prices above the international level, and let the domestic market adjust to the international market, to be associated with temporary farm relief and a long-time adjustment program for farmers dependent upon wheat. At the same time we are fully aware of the large requirements from Europe. Broomhall, quoting a New York source has recently listed them as follows: United Kingdom and Eire 224 million bu, North Africa 128 million bu, Italy 72 million bu, Belgium 40 million bu; other northern European countries 40 million bu; Central Europe and the Orient 72 million bu, a total of 576 million bu. This party figures that this will be met by shipments of 300 million bu from Canada, 200 million bu from the United States, and 76 million bu from the Argentine. Broomhall comments that this does not include former neutral countries. Nothing is written down for Australia but unquestionably if that country comes through with a fairly normal crop, it may have some sort of surplus. At the present time there is talk that the United States will furnish a larger quantity than is estimated, and we hear the figure 300 million bu being used, which would mean that at the beginning of the crop-year, shipments running somewhat higher than later might average about 30 million bu monthly. However, there are several "ifs" and "ands" qualifying this possibility, principally the question of credits, payments, etc., and nobody can be altogether certain that we shall furnish that much.

For the time being, however, such talk is having a rather bullish influence, and this may be a factor during the next few months. When our market opened this morning prices were somewhat indifferent. Wheat was fractionally lower, while oats and rye showed a slightly weaker undertone. It seems that the Canadian government has modified the oat embargo to Fort William and Port Arthur, and starting next Monday shipments from Western Canada to the head of the lakes will be permitted but the scale of deliveries may be restricted to one car of oats for every three cars of wheat that moves. In any case, some imports from Canada to New England are having a slightly bearish influence on the trade, because after all if it is less necessary to ship our domestic oats into the eastern feeding areas, naturally it will stay at terminals, and thus the chance for a carrying charge is somewhat improved.

Weather over the corn belt has not been altogether satisfactory with some complaints coming from Illinois that the recent rains were too heavy and that farmers were beginning to talk discouragingly as corn was leaning badly, in view of high winds. However, we do not regard this as too serious owing to the fact that clearing skies are forecast with somewhat higher temperatures, and apparently others must have felt that way, because following yesterday's short covering in this cereal, today's buying was only moderate.

Primary receipts of wheat were 2,422,000 bu, or about the same as recently; last week they amounted to 2,454,000 bu, and a year ago 2,313,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of 854,000 bu. When the visible is posted on Monday it will compare with an increase last year of 1,831,000 bu.

Wheat was rather firm. We observed some covering of hedges in the pit, presumably against flour sales. Trade was only moderate, but considering that rye at one time had a very sharp break, the market gave a rather good account of itself. CCC advanced their prices at Duluth and Superior 1¢ per bushel.

There was some selling of oats because of the chance of larger importations now from Canada.

Corn was indifferent, but reports from the Northwest are coming better; in fact, all crop news from there is highly satisfactory, and the wheat crop must be nearly harvested. Yields in some cases were considerably better than had been expected.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Sept. 17, 1945.

The last government report forecast a total wheat crop of 1,152 million bu. Each successive estimate since June showed improvement, the preliminary figure starting at 1,084 million bu. By all standards this must be considered a bumper crop, particularly in comparison with the ten-year average of 789 million bu in the years 1934-1943. The improvement was in both winter and spring wheat districts, and wheat in the Northwest is now estimated at 315 million bu compared with the ten-year average of only 203 million bu. However, the movement is under way without much disturbance, and the next question is naturally on the amount of domestic consumption and also the quantity of wheat which will be exported. The latter is somewhat difficult to foretell, although it is assumed that with the large requirements from abroad, the final figure will loom high. As near as we can tell during the first ten weeks of the season, about 38 million bu has been placed afloat, including wheat and flour. This would still leave a large amount available for export and the next carryover, depending, of course, on the amounts which will be consumed at home. Disappearance for food is estimated at 550 to 560 million bu, but owing to the fact that the American public has grown accustomed to eating better, with heavier demands for milk, cheese, fresh vegetables, etc., we may finally have a somewhat smaller per capita bread consumption. The amount for seed is placed at 81 million bu, but it is too early to tell yet how much wheat will be used for alcohol or for commercial feeding. Not until more is known about the final outcome of the corn crop can we make estimates which will be worth much on that score.

On Saturday, the forecast had been for frosts for the northern sections of Illinois, Iowa, and parts of Minnesota, but the cold weather did not develop as had been expected, and this was especially true of the important corn belt region. There were some local frosts in the North and in some of the higher elevations of the West, but the cold weather did not reach as far outh as Minneapolis; therefore, we shall be able to go for at least another few days without this worry. Higher temperatures are expected for the next thirty-six hours but thereafter it will probably turn cooler again. In any case each day that we avert a frost is just that much in favor of corn. The Baldwin report on Illinois published today states that with favorable weather a considerable portion of the corn through the central area will have matured and be safe from frost by October 1st, but that the balance of the acreage will require from three to four weeks more. Rains in the past week hindered development but will enable fall plowing to get under way again and will revive pastures, and likewise help to develop late plantings of corn and soybeans.

Primary receipts of wheat were 2,753,000 bu compared with 2,650,000 bu last week and 2,467,000 bu last year. When the visible supply of wheat was posted, it showed an increase of 1,831,000 bu, with total stocks now close to 143 million bu, or about 25 3/4 million bu less than was on hand same time last year. Chicago wheat stocks increased 219,000 bu, with a total of 6 million bu here. The oat visible showed a fairly substantial increase of nearly 3 million bu, and there is now a total of 35 1/4 million bu in all positions. Rye, however, increased only 117,000 bu, and with the movement nearly over there are really no accumulations anywhere of any importance.

Despite the fact that rye prices were very strong here in sympathy with Winnipeg, and a new high for the December future, wheat was rather indifferent. Some hedging came into the pit both from the Northwest and from the Southwest; and the close showed a loss of 3/8 to 5/8¢ per bu except July wheat, which was 1/8¢ higher.

Corn was quite weak at the opening, with no frosts reported, but consequently better prices ruled and this cereal had a fairly good undertone.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 18, 1945

Quite a bit of publicity was given to the fact that vast supplies of food from the United States would be shipped to Europe, and Mr. Truman's statement was carried not only in the newspapers but over the radio, his estimate being that between now and January 1st we would ship 150 million pounds of meat and about 70 million bushels of wheat. The latter is not a particularly large forecast in view of the fact that on previous occasions we were told that efforts were being made to ship 30 million bu of wheat per month. The President's figure, in comparison, is conservative, although somewhat indefinite for the reason that we do not know whether this includes UNRRA and all relief commitments.

In trying to analyze what can actually be placed afloat each month, and using our experience, we doubt whether physical facilities will permit much more than 20 million bu. We would like to call the trade's attention to the fact that even during the boom period, 1925-29, we were only exporting about 150 million bu of wheat per year, and the largest amount which was ever shipped was during 1920-22 when we averaged 288 million bu. However, at that time there was no import duty from Canada, and we were taking very large quantities from there, some of which was re-exported via Buffalo. Thus the figure just mentioned virtually included some of the grain which now would be classed as Canadian wheat. Furthermore, by virtue of the fact that there was no tariff barrier, smaller crops in the Northwest were implemented through imports, which made it less necessary to ship grain from the winter wheat belt to deficit areas. Thus, there were very heavy shipments via the Atlantic and via the Gulf; we believe in one year Gulf shipments being taxed to capacity were able to account for about 100 million bu. There have been no additional facilities of any consequence in recent years owing to the comparatively small exports; therefore, we believe that our conclusions are fairly conservative.

When the market opened this morning, it was influenced by higher prices for rye, and the possibility of heavy shipments of wheat, with very little hedging pressure; thus the line of least resistance was on the constructive side of the market. The weather was satisfactory for corn in that no frosts were reported over the main belt, but this apparently had little influence, and buying orders in all pits predominated.

It is still a question whether the imports of oats from Canada this year will be heavy. In the 1942-43 season, domestic disappearance in that country was 469 million bu and exports 63 million bu, or total disappearance of 532 million bu; the following year 448 million bu was consumed at home and 75 million bu exported, or total disappearance of 523 million bu. Last year it is estimated that home usage was 435 million bu and exports were 75 million bu, making the total disappearance 510 million bu. They have raised a crop this season of 388 million bu, so that together with a carryover of 99 million bu, there is 487 million bu on hand. Thus it will be seen that if home usage is about as large as it was during the past three years, they will have only a limited surplus, and if it is the intention to carry some stock into the next crop, Canada cannot offer too much through export channels.

Primary receipts of wheat amounted to 3,169,000 bu compared with 3,112,000 bu last week and 2,646,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 295,000 bu.

All deliveries of rye at Winnipeg reached highs for the season. This influenced our market with the result that we also went into new high ground for the September and December futures. Furthermore, it was reported that Belgium had been granted permits for about 160,000 bu rye, and that there were inquiries from that country yesterday. This leads to the belief that dwindling stocks will gradually impart further strength to our market and in turn other grains were helped, with the result that final wheat prices showed advances of 1 to 1 1/2¢ per bu.

There have been no wheat purchases by the CCC in any part of the country for the last four or five days but we understand that 100,000 bu oats was acquired at Duluth yesterday. Our oat market was quite strong and apparently it is felt that if imports from Canada are light there will be a fair inquiry in the East for our domestic oats.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Sept. 19, 1945.

Several days ago the Secretary of Agriculture announced that a plan for the elimination of food subsidies was being worked out between the Office of Price Administration and the Agricultural Department. He intimated that under the plan subsidies would be eliminated on those items which have a definite expiration date. In the case where payments were used to hold down consumer prices, the burden would be carried by the consumer to take care of any increased cost. Furthermore, incentive payments not now necessary would be discarded seasonally. The Secretary also inferred that as far as he could visualize, the only subsidy which would survive until June 30th would be on flour; payments to the cattle feeders would go by the Boards in May when the last of the cattle are out of the feeding lots. It has always been more or less of an enigma to us why so much stress has been laid on the flour subsidy and the holding down to pre-war levels the price of bread. It would appear that it was due to sentimental rather than sound economic reasons. If one will look over the history of that staple it will be found that actually the price of bread had been decreased shortly before the outbreak of war. The average consumption of wheat per capita in this country runs about 4 bu. Figuring on a family of five, had there been no subsidy and bread sold on basis of wheat prices, we doubt whether it would have meant more than $4.50 to $5.00 per year to the individual family.

The first official estimates received from the Argentine place the acreage planted to wheat at 14,130,000 acres. This compares with 15,373,000 acres last year and 16,833,000 acres the year previous. This estimate is a little disappointing to those who had figured on some increase over last year, particularly in view of the fact that in the pre-war year of 1938-39 acreage had been increased to approximately 21 1/4 million acres.

The government weekly weather and crop report states that throughout the main corn belt the past week it was mostly too cool to promote good progress toward maturity. They estimate that in Iowa 10% was now safe but it would take two or three weeks of favorable weather for most of the crop. In Illinois the general condition is reported as mostly good, and the same is true throughout the Ohio Valley. No doubt it is going to take two or three weeks of favorable weather to bring the majority of the corn crop through in good condition. Some fears were expressed of frosts developing in sections of Nebraska, but according to the last weather information posted, it appears rather doubtful that any abnormally low temperatures will be reported in the next few days in the main part of the corn belt.

There is still a lack of protein feeds. The August production ofbaby "chicks" set a new all-time high record of 60,470,000, making the eight-month production 8% higher than last year's figure of 1,166,994,000. In addition to the large chicken production, the turkey output is estimated at a record of 44 million birds. The distilling industry is looking forward to a substantial allotment of corn during November and December to start rebuilding their depleted stocks of bourbon whiskey. In some quarters it is believed that an announcement to this effect will be forthcoming shortly from the Secretary of Agriculture. Distillers hope they will be allotted at least 50 million bu of grain in the next twelve months, of which 80 to 90% would be corn, enabling them to produce about 100 million gallons of whiskey.

Primary receipts of wheat were 1,743,000 bu compared with 2,527,000 bu last week and 2,603,000 bu last year. Stocks so far this week in Minneapolis and Kansas City show a total increase of 330,000 bu.

The wheat market showed strength from the beginning, although no purchases were reported by the CCC in Chicago, Kansas City, or the northwest markets. Government buying seems to be the main mill business taking place at the moment, with civilian requirements apparently well covered. At the close wheat was 1 1/4 to 1 1/2¢ per bu higher, with the exception of July, which was 1/8¢ lower.

When the later official weather forecast was issued during the morning, there appeared to be less likelihood of frost during the next forty-eight hours in the corn belt.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 20, 1945.

Although price controls will undoubtedly act as a check, the public is becoming more imbued with the idea of an advancing price level in this country due to demand for goods and demand for increased wages. There has been a large backlog built up during the war years, and it will take considerable time to fill up the holes before even taking care of normal replacements. The grain trade is busily engaged in trying to appraise such effects on the price of wheat. The fact cannot be overlooked that a certain amount of inflation is already expressed in the price of our leading bread cereal. On the first trading day after war was declared in 1939, September wheat closed at 76 1/2¢; the day prior to Pearl Harbor, Chicago December wheat closed at $1.17 1/2. Since that time, despite ample supplies and at times large carryovers, wheat prices have steadily advanced. As a normal procedure prices usually react to supply and demand, but the pattern of wheat prices since 1938 has followed directly in proportion to the increase in government loans. In 1938 the wheat loan value on two hard winter wheat at Chicago was 77¢; in 1941 it was $1.15, and in 1945 the loan for number one hard was set at $1.59. According to the last available figures the wheat supply for the season 1945-46, is indicated at 1,440 million bu. A Washington press report placesthe disappearance for civilian and military food at 530 million bu, seed disappearance 82 million bu, amount to be used for alcohol about 50 million bu, to be fed on the farm where grown 120 million bu, and 360 million bu for export and other feed purposes, which would leqve a carryover on the 1st of July 1946 of 300 million bu, still a sizeable quantity and ample supplies if the proposed acreage for next year is planted to wheat and the growing season turns out favorably.

Authorities in Canada have just announced that that country would offer wheat for export at $1.55, basis number one Northern at the head of the lakes. Figuring the Canadian dollar at 10% discount, would make the price in U.S. funds approximately $1.40, or would place our number one Northern on a competitive basis of around $1.35 to $1.37.

We fully realize that food is the most urgent need of Europe and that through UNRRA or other agencies large monthly shipments will be made. This despite any price discrepancy that may exist between our wheat price and those prevailing in other countries. However, it stands to reason that as soon as the more urgent demands are met, those countries whose economy has been so severely shaken by invasion or occupation will strive to buy their supplies in the most advantageous market, or if prices should be artificially maintained will attempt to increase their own production. This year's crop in Europe not only suffered from adverse weather conditions but lack of fertilizers, lack of manpower, and actual destruction from war. Before another growing season starts, this picture may undergo considerable revision. England is already planning to plow 600,000 acres of grassland in the British zone of Germany. This would bring 63 1/2% of the total cultivatable area under the plow, most of the remainder being unsuitable. The plan is to increase the output of potatoes 75% and bread grain 10%. It has been estimated by the U. S. Department of Agriculture that world production of wheat in 1945-46 is 8% less than the 1935-39 average. We realize that this country has been blest with large crops but undoubtedly strenuous efforts will be made to restore farm land and production in the different European countries.

Primary receipts today of wheat totaled 2,149,000 bu compared with 2,398,000 bu last week, and 2,308,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 411,000 bu.

When the weather map was available this morning it became evident that no frosts had occurred in the main corn producing area, nor was there any prediction of frost for the next 48 hours. Purchases of wheat by the CCC in Chicago, Kansas City, and the Northwest were again nil; their total purchases to-date in the Northwest have been insignificant. Certain quarters believe they have quite a few boats chartered, and that they may have over-stayed the market, necessitating their entering same even though at higher levels.

With the exception of the September future, there was a weaker undertone throughout the major portion of the session, which is not surprising in view of recent advances. At the close prices were unchanged to 5/8¢ per bu higher.

Tomorrow, the 21st, is the last day for evening up September commitments in the pit.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 September 21, 1945

There were no frosts overnight in the corn belt, and from all appearances the next forty-eight hours will witness clear skies and higher temperatures. So there is no immediate threat, and, of course, each day that the corn progresses is that much in its favor. This is truer of Illinois and Indiana than it is of Iowa, while in the Northwest some of the corn is just beginning to dent, and since the Minnesota temperatures have been relatively low for some time, it is figured that some of the corn may not mature properly; consequently, we may have more soft corn to deal with. In any case, this is not the immediate factor in grains, as the trade is paying more attention to inflation and to the lack of pressure in wheat. Thus the line of least resistance has been on the bull side of the market, and we find that most of the new purchases have been in the deferred months, such as May and July, probably for tax reasons. This being the case the deferred months have been relatively strong compared with December, but in our opinion this situation will probably change as we come closer to the next delivery. Even in September we have found that only nominal quantities were tendered on contract, and in view of the fact that the government has bought very substantial quantities of wheat both in the Southwest and throughout the Central States, we feel that there will be no pressure exerted from the movement of grain, which is already on a reduced scale. Last year the situation was somewheat different owing to the fact that the government was not a heavy buyer, but very large quantities were impounded in the loan, yet the December future went to a substantial premium over May, and we believe that this year again an inverse carrying charge of reasonable proportions may be established.

In the Northwest we have been told that the CCC had a fairly large commitment for acquisition, and undoubtedly would have purchased wheat if the market had declined during the period of movement. However, at times Minneapolis was practically at a full shipping difference under Chicago, and in fact, some of the Northwest wheat was shipped as far South as the Gulf ports. At the present time there is probably only about 20 million bu grain in Minneapolis, so that the storage, including what the mills have, is only partially filled. It is also considered likely that the CCC has chartered some boats to move grain out of Duluth before the close of navigation, and since their purchases have been next to nothing, possibly they may become a more important factor as time goes on. This leads to the belief that Minneapolis futures at 7 to 7 1/2¢ discount under Chicago may be reasonably cheap, but in any case there is a fairly bullish feeling in the Northwest for the reason that the industries and mills have been able to absorb most of the wheat thus far without much help from government support. Of course, a crop of 315 million bu should go a long way, and we expect fairly good receipts for another month, and even for the balance of the year some wheat will come to terminals all the time, but yet farmers are somewhat influenced by income tax considerations, and the fact that they have taken in so much revenue for the calendar year may be the reason for holding part of their grain back until after January.

Primary receipts of wheat amounted to 2,236,000 bu compared with 2,422,000 bu last week, and 2,442,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 401,000 bu. When the visible supply is posted on Monday it will compare with a decrease of nearly 2 million bu last year.

Best prices in wheat were not maintained. The open interest in September was quite large at the beginning of the session, and according to the official figures, over 3 million bu, but everything was gradually evened up during the day, and finally the nearby month expired without undue excitement. The deferred months showed losses of 1/8 to 1/4¢ per bu.

Rye was influenced early by the great strength at Winnipeg. The October future advanced 4 1/2¢ during the first few minutes of trade. Later on profit-taking caused recessions, and the Canadian market suffered a rather sharp break. This in turn influenced our futures, although there seems to be no change in the cash situation. There are no large stocks either here or in the Northwest, and this keeps us on a rather firm basis. Our September rye expired on a range of 4 1/2¢.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 24, 1945.

Seedings of winter and spring wheat for the 1945 crop amounted to 68.8 million acres. This was about 5% above 1944 and 4% greater than the ten-year average, 1934-43. The government had previously figured on maintaining a similar goal for the next crop on the theory that the stocks which had previously been accumulated and especially those before the war, not only here, but in many other countries, had been reduced to moderate levels, so that the export demand for wheat would be sufficient to absorb surpluses in the exporting countries in the current marketing year. Since the original goals were established at 68.9 million acres for 1946, there have been discussions at Washington as to the advisability of reductions, not because the wheat would not be wanted but owing to financial matters, principally credits and the inability of certain countries to pay for what they needed. We believe that since the State wheat acreage goals have been pretty well established, it may be difficult to change them in the winter wheat districts, as some planting has already taken place; elsewhere fall work has progressed to a point at which the wheat will shortly be seeded. Of course, spring wheat will not go into the ground until next April, but in any case there is no certainty that we shall have a smaller area sown next year, and on basis of indicated acreage and average yields, we should produce a crop of about 900 million bu. The Department of Agriculture says that with reserve stocks next July of about 300 million bu, this would provide for requirements and still leave about 400 million bu for export in 1946-47 and carryover at the end of the 1946-47 year. This is all a long way off, but in the meantime Europe needs our grain badly and shipments each month will unquestionably be heavy, with the net result that there is no pressure on our market.

Mediterranean countries have all harvested short crops; likewise Spain is hoping to get a share of Argentina's wheat, and according to Broomhall, there is further confirmation of a small crop in France, latest estimates ranging from 148 to 164 million bu. However, bread-rationing in France is expected to end on November 1st, as it is hoped that about 64 million bu wheat may be imported during the year. Broomhall also tells us that France has a large carryover of wheat from previous harvests, estimated by his correspondent in Paris to range from 72 to 92 million bu, the obvious explanation being that farmers held wheat back in anticipation of a rise in price during the 1945-46 crop-year. The Paris trade expects that quite a little old-crop wheat will now be marketed at the enhanced price.

Here at home we find that CCC had 137 million bu wheat on hand at end of August. The chances are that exports for the first two months of the season may have amounted to about 40 million bu. Thus this agency must have had approximately 175 million bu under its control, and we are asked from time to time how these stocks are distributed; therefore, we shall give our views, stressing the fact that it is merely a guess, as nothing official has been published. We think that of the 6 million bu wheat in Chicago about 5 million bu is probably government-owned. Chances are that CCC has very little wheat in the Northwest but that most of their holdings are at Omaha, Kansas City, and other southwestern localities, together with stocks at the eastern seaboard, including Buffalo. At the present time Kansas City December wheat is only about 7¢ under Chicago, and with premiums in the Southwest market, we see little possibility of drawing wheat from there. In the Northwest we believe that the CCC will make belated purchases owing to the boat charters which they have, and this will probably prevent appreciable amounts of grain coming to Chicago. Consequently, our December wheat appears to be in a fairly strong position, and we believe will gain on the more deferred futures.

The visible supply of wheat increased 717,000 bu to a total of 143,662,000 bu, which is 23 million bu less than last year. Chicago stocks increased 275,000 bu to a total of 6,308,000 bu. There were likewise moderate increases incorn, rye, and barley, while oats increased 2,837,000 bu.

The market on the whole was very firm, a few setbacks from time to time, but with no pressure in wheat final prices showed an advance of 5/8 to 3/4¢ per bu.

Wet weather prevailed over the weekend, and the moisture was pretty general, extending into the Southwest, which was favorable for wheat, but the rains are retarding corn maturity, although frosts have held off. One of our friends in Illinois said that had it not rained Saturday and Sunday he would have undoubtedly taken in some beans today, also that the new corn was denting well, and that about half of it was safe from frost.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 25, 1945

To show how completely different the wheat situation is from the ten-year average period, 1932-41, (pre-war) we summarize some figures from the Bureau of Agricultural Economics recently published. Total supplies during that period averaged 982 million bu, consisting of carryover of old wheat 235 million bu, production 738 million bu, and imports 9 million. Total disappearance averaged 721 million bu, consisting of food 475 million, feed 122 million, seed 81 million, exports 43 million; carryover at the end of the period averaged 261 million bu. During the past three years we have raised bumper wheat crops, but likewise our consumption has kept pace, so that even without large clearances we were still able to maintain a fairly good balance sheet without running into burdensome reserves. While it is too much to ask for billion-bushel crops as the usual thing, we are confronted, under average weather conditions, with a total yield next summer of 900 million bu, and a possible carryover of 300 million bu, which would again give us ample supplies, particularly based on peacetime consumption and requirements. At the start of the season, our total supply amounted to about 1,440 million bu. This has been exceeded only by the supplies in 1942 and 1943, although the chances are that imports will be very nominal, possibly only about 15 million bu. In the meantime the government figures on disappearance during the season as follows: Civilian and military food 530 million bu, seed 82 million, alcohol 50 million, feed on farms where grown 120 million bu, exports and purchased feed 360 million, or a total of 1,142 million. Thus the conclusion is reached that the reserve stock one year hence will be somewhat larger than the 281 million bu carried into the present crop. The point we are trying to bring out, however, is that the rate of disappearance is still very much larger than formerly, although gradually there may be some declines in the amount needed for alcohol; also, the extra amounts for feed and finally our exports can only be maintained so long as there are shortages in Europe, and we are able to sell our grain more or less competitively with other surplus nations.

When our market opened this morning, there was little to guide it. Considerable moisture had again been reported over various sections of the country, including the Southwest. This is especially helpful for the newly seeded wheat or for the ground being prepared for fall work; thus the new crop should get off to a good start. On the other hand there are some complaints that this moisture in the Central States is hindering the maturity of corn and beans, although frost has again been held off, and to that extent the trade is optimistic. Even though wheat and rye were somewhat higher, feed grains were quite indifferent at the opening, very likely for the reason that pastures and forage have afforded excellent possibilities for feeding livestock without cutting too heavily into our grain supplies. While some profit-taking in wheat was in evidence, there was likewise fairly good support to the market, and it is felt that especially large purchases for foreign relief will continue to prevent sharp declines. The farmer is not selling heavily, possibly influenced by income tax considerations, but a contributing factor has been the announcement recently by the Production and Marketing Administration of a program (similar to last year) which offers the farmer full parity prices for 1945 crop loan wheat. While it is true that very little has been impounded thus far, producers have until end of the calendar year to take advantage of the loan, and once it is frozen producers have the option of selling the wheat next spring to PMA at 15¢ a bu above the applicable loan value less charges, or if the market is higher they can redeem and obtain additional advantages by selling in commercial channels.

Primary receipts of wheat today totaled 3,326,000 bu compared with 3,169,000 bu last week and 2,950,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total increase of 239,000 bu.

In the early part of the session there was evidence of mill buying, but on the other hand there was profit-taking and selling on part of locals. Toward the last commission-house buying took the slack out of the market and led to short-covering, with the consequence that final prices were 1 1/8 to 1 1/4¢ per bu higher for December and 1/2 to 3/4¢ per bu higher for the more deferred months.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 26, 1945

The Agricultural Adjustment Act of 1938 as amended provides price-support loans to cooperating farmers at 90% of parity, and this extends for a two-year period beginning the first of January following the official proclamation that hostilities have ceased. In view of the fact that we are still in the emergency and that the war has not definitely been declared as over, nobody can tell for sure how long the support program will be carried on, although something more definite may come from Washington during the next few weeks. At the present time there seems to be little fear of any heavy accumulations even if the farmers should default heavily on their loans, for the reason that demands from deficit countries are heavy, and at the moment we are exporting just about as much wheat and flour as is physically possible. There are, however, economists in the Department of Agriculture who are looking further ahead than just the next year or so. In the latest issue of the WHEAT SITUATION, published in August, the Bureau of Agricultural Economics made the following statement:

> "Our share of total exports will depend largely on whether we meet competitive prices in the other countries. If we continue to support prices of the entire wheat crop, exports will be very limited, unless there is a subsidy. If a high level of production is maintained and no subsidy program exists, it will be necessary to permit our price of wheat for export to drop to the level at which it will compete with wheat from other exporting countries. The latter course is frequently considered a part of a two-price system, which would provide for additional payments to growers for the part of production used as domestic food. The level of prices for export wheat in the various surplus producing countries, which would have to be met by the United States in the years ahead, will depend upon the level of demand and whether production or marketing is curtailed in the various exporting countries. A decline in the large demand from deficit countries is to be expected within a year or so. This will mean lower competitive export prices. The extent to which efforts to reduce production or marketings are effective will largely determine the extent of the price decline. If efforts to curtail production or marketings are not effective, and acreages in the various exporting countries approximate anything like the pre-war acreages, with average yields, production would exceed annual use and large carryover stocks would again accumulate."

It has been our feeling for some time that European agriculture would recover more quickly from this war than was the case following World War I for the reason that the occupation by the Allies will prevent a return of commerce and industry for the vanquished on a large scale. Consequently, they will have to turn more toward a rural life. Furthermore, with the machinery which was sent over during the period of hostilities, and which will probably never be returned to this country, there is more motive power to carry on such work than was the case twenty-five years ago. Also, all European countries somewhat impoverished, and not being able to export their wares, will probably try to become more self-sustaining, which leads us to the belief that every effort will be bent toward feeding themselves without resorting to as much help from abroad. It may take two or three years to bring about such recovery, but given the proper seed, fertilizer, and machinery, it looks rather hopeful that agriculture in Europe will return to a fairly stable basis in the years ahead.

Primary receipts of wheat amounted to 2,247,000 bu as compared with 1,745,000 bu last week and 2,594,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 7,000bu.

It was reported that the CCC was moving half a million bu wheat out of Chicago; despite this fact wheat turned weak after mid-session. There was not the mill buying that we had yesterday, and the close was 3/8 to 5/8¢ lower. It was said that Soviet Russia in an agreement with Rumania has undertaken to provide the latter with 165,000 short tons of wheat and a similar quantity of corn to be returned in kind during the 1946-47 crop-year.

No frosts are indicated for the next twenty-four hours but map readers believe that we may have a frost by the end of the week. Low temperatures in Canada may work in this direction but it is not definite yet whether the freeze, if it comes, will affect more than the northern sections of the corn belt.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 27, 1945.

The trade has been speculating for some time as to whether the government program was merely for the purpose of avoiding price declines, or whether it was really the intention to amass sufficient wheat to take care of foreign commitments. Many had thought that inasmuch as no purchases had been made for the past two or three weeks, possibly higher prices might be paid in conformity with market advances, but up to this time there has been no action, and in fact, this federal agency has displayed great indifference. In trying to analyze it we believe that possibly the grain trade is paying too much attention to the wheat situation itself without taking into account the question of flour. According to the last Census Bureau report we are grinding in this country at the rate of 660 million bu per year, and in view of the fact that bread consumption, including military needs, will amount to only about 560 million bu, it stand to reason that we can export about 100 million bu in the form of flour.

We have also been told that the CCC holding of wheat on August 31st amounted to 137 million bu. The chances are that very little of this grain will be used for the feeding program, and probably most of it will be shipped to the liberated countries, so that together with about 40 million bu, which were exported during July and August, we can account for about 277 million bu. This is practically as much as the government had intended exporting, although some extreme figures were somewhat larger. On the other hand, we are also mindful of the fact that the CCC always had hoped to have some reserve stocks on hand for an emergency, and if their total holdings were shipped abroad, they would be left with nothing except possibly defaults which occurred under the loan. This, however, is not a very hopeful situation owing to the fact that government buying prices and the market in general have ruled above loan levels, and while no figures have been published this year on the impoundings, it is our belief that they must have been extremely small. They are probably next to nothing and certainly a tremendous reduction from the past four or five years since the loan program has become very popular. Yet the movement of grain to terminals has not been particularly large considering the size of the crop, but this, too, may change after January when income tax considerations are less of a factor.

Argentina's first official estimate of wheat acreage is for slightly over 14 million acres, but yet with the recent rains a fairly good yield is in prospect. This, however, is not the only controlling factor, as we have just heard that the government of that country suspended shipments of about 10 million bu wheat to the United Kingdom and Brazil owing to the lack of railroad transportation. It was also indicated that probably all of the corn available would be reserved for fuel due to the slow arrival of petroleum and coal. This has created enormous transportation difficulties. In Australia stocks at the beginning of June were estimated at 50 million bu, which is undoubtedly enough to take care of domestic consumption until the new wheat becomes available. With the drought broken in the principal wheat-growing areas, it is expected that they may harvest 15 1/2 million acres, on which they should have a minimum of 150 million bu wheat, and our guess is that it will be more.

Primary receipts amounted to 1,981,000 bu compared with 2,149,000 bu last week, and 2,331,000 bu last year. Kansas City stocks decreased 338,000 bu so far this week; there was a delay in posting those from Minneapolis.

Markets were never very weak, and while there had been no frost overnight, the forecast suggested that the weather would be considerably cooler, and even during the session a report from Sidney, Nebr., stated that temperatures had dropped 10 degrees since early morning to about 34 degrees fahrenheit. The Iowa official forecast is for a rather hard freeze in the northwestern part of the State, and temperatures of 32 degrees in the Southeast section, all of which influenced corn, and other cereals advanced in sympathy.

In wheat there was considerable buying of December against sales of May, but also profit-taking on that spread, doing the reverse by other houses. However, at the close the December wheat, which was strongest, advanced 1 1/8¢ per bu.

Oats were higher, and there appeared to be short covering.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 28, 1945.

The official forecasts of yesterday predicting killing frosts failed to materialize, at least on the scale which had been expected. The real threat seems to be over for the moment, although low temperatures prevail in northwest Iowa and western Nebraska. The chances are the low thermometer readings will continue in those sections tonight but the main part of the belt probably was not harmed, and as far as our weather man can forecast, there should be nothing serious for the next few days. The weather was characterized chiefly by moisture, and in some parts of the Southwest rains had been very heavy, which, of course, is beneficial coming at this season of the year. Previously, there had been complaints in Oklahoma that stock water was getting low in some counties and had even become exhausted on a number of farms. On the whole, we do not believe that this situation prevailed, and generally speaking pastures have been in excellent condition, but with the late precipitation, fall work should progress rapidly, as up to now only a fair amount of acreage has been planted to winter wheat. In Kansas seeding is already well advanced in most of the extreme western counties, although in the central part of the State moisture conditions were not particularly favorable up to now and progress was slow. In view of the fact that yesterday's late bulge was occasioned mainly by frost scares, reactions took place when we opened this morning.

Press dispatches from Washington indicate that unless our Directors reduce the oats differential on futures contracts, the matter may be brought before the Senate Sub-Committee on Agriculture. In our opinion any change at this time would be a very serious handicap to farmers and would be immeasurably costly since the present premiums permitted on contract are fully reflected in the cash price, and for those who are using the Chicago market as a hedge, it would mean a grave loss as compared with the present benefits. We have made many inquiries in the country and one of the largest dealers in the Southwest, who represents producers' interests, has stated that while he is not particularly interested in oats one way or another, because he does not handle many, he still feels that the farmer would be hurt if the premium on choice oats were reduced. He went further to say that if he were asked to vote on the matter, he would vote to leave the premium of 5¢ per bu over the contract price for the extra heavy whites or red oats as it now stands. We can visualize where the speculator might profit, because if the premium were reduced to a nominal sum, he would get his oats on contract at a much cheaper price and then might be able to sell them in the cash market at the prevailing rate, thus making the difference, which rightfully should go to the farmer. It is, therefore, our conclusion that if any hearing is called, the farmers' interest will be upheld, not as a matter of favor but as a matter of right.

Primary receipts of wheat amounted to 1,950,000 bu compared with 2,236,000 bu last week and 3,110,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 109,000 bu. There may be a small decrease in the visible supply on Monday. Last year it was not posted, so we shall have no comparison.

Markets were rather firm early but there was local selling in wheat as the session progressed. This ran into stop-loss selling, and at the close, wheat prices showed declines of 1 1/8 to 1 1/4¢ per bu.

The weather was construed as bearish for wheat and apparently great relief has been brought to the Southwest sections of the country, although a few sections may have been skipped. On the other hand, wet weather in the corn belt is not too good but we believe that each day that frost is staved off will be helpful. There was a report quoting the University of Nebraska Economist to the effect that 70% of the corn was out of danger and probably not more than half of the remaining 30% would have the yields out by more than 10%.

The corn market was somewhat lower and there was some hedging by a cash house but the volume was not particularly heavy.

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CHICAGO MERCANTILE EX.

October 1, 1945

According to the Department of Agriculture's Office of Foreign Agricultural Relations, an increasingly grave world situation is arising, which reflects lower production and diminishing stocks for the 1945-46 season. They estimate that in terms of calories, total world production is about 3% less than the pre-war average, but the per capita will be about 10% less, making allowance for an increase in population during the war. Naturally the condition in the areas affected by war are worse than average. The situation on the Continent of Europe is bad, as reflected by the crop estimates of our Agricultural Department. The preliminary estimate for all of Europe in wheat is a crop of 1,100 million bu, which compares with a production of 1,465 million the year previous, and the average of 1935-39 of 1,632 million bu. The rye estimate indicates a crop of 610 million bu. This compares with 745 million the year previous and 897 million during 1935-39. The oat production is forecast at 1,300 million bu, which compares with 1,400 million a year ago, and 1,743 million in the 1935-39 period. In other words, there is a reduction of about 33 1/3% in the above crops, and the same applies roughly to barley. Naturally the needs at the moment are probably the most urgent, and unless there should be crop failures next year, the demand on exporting countries should be considerably lightened.

As far as the future of agriculture is concerned in this country, Secretary of Agriculture Anderson pointed out in a recent hearing before the Senate Committee on an amendment to the Fair Labor Standards Act that while the act itself might not refer to farm labor, the proposed legislation would tend to expand the market for farm products, as this demand arises with an increase in the incomes of city people. He further points out that families with annual incomes below $5,000 ordinarily consume about 1,000 pounds of food per person, while families with incomes over $5,000 or more consume about a ton of food per person. High income families eat more fruits, meats, dairy products, and vegetables than the low income groups. The Secretary's statement, coupled with the fact that we are now undergoing a demand from labor for higher wages, would seem to indicate that there will be an expanding market for food products.

There was no further frost over the Sunday holiday, and the weather forecast would now point to some milder weather. The low temperatures of last Friday and Saturday hit the majority of Nebraska and about half the State of Iowa. There have been no reports received as yet confirming the actual damage. Many believe that the result will be more soft corn rather than any total destruction. The real damage will probably not be apparent until nearer harvest.

Primary receipts of wheat today total 1,663,000 bu as compared with 2,313,000 a week ago and 2,561,000 on the comparable day of last year. When the visible was posted wheat stocks showed a decrease of 1,754,000 bu and now stand at a total of 141,908,000 bu, or 24,918,000 bu less than last year. Rye decreased 211,000 bu. In Chicago, wheat stocks decreased 71,000 bu and now total 6,237,000 bu. Rye decreased 123,000, leaving a total here of 1,925,000 bu, while oats also decreased 418,000 bu, leaving stocks in Chicago of 8,576,000 bu.

Our market had a firm undertone throughout the entire session. There was no particular grain news over the week-end, nor was any large-scale mill buying noticeable in the pits. However, our markets have been more or less creeping upward for some time, although there is a more pronounced tendency to take temporary profits on advances. The CCC made no purchases of wheat in Chicago, Kansas City, or Northwest markets. At the close wheat was 1 3/8 to 1 1/2¢ per bu higher.

Trading in oats has been of a much broader nature. There seemed to be considerable commission-house buying, no doubt prompted by the thought that damage to the corn crop by the recent frost would stimulate a greater demand for oats. However, one cannot lose sight of the fact that even though the frost may cause an increase in the amount of soft corn, it is still good for feeding purposes, although will probably slow the movement of corn for use by the industry.

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CHICAGO, 4 Oct. 2, 1945.

Secretary of Agriculture Anderson has reiterated several times that in view of the improving fats and oils situation, it may be possible to eliminate all food rationing except sugar in 1946. He has in several instances also expressed the belief that by the middle of 1946 all food subsidy programs can be terminated with the exception of flour and sugar beets. Why there should be so much fear of permitting the price of bread to advance is difficult for us to analyze, but it seems to be thoroughly entrenched in the minds of those who dictate our policies. The Secretary has further pointed out that the elimination of subsidies would not mean the end of the price support program, which is mandatory under the present law, and which is to be continued for a period of two years following that 1st of January after the war emergency has been declared at an end. Just how much such a support program will cost the government is hard to estimate, but if we are successful in raising bountiful crops in this country, it would undoubtedly take a larger amount of money to enforce such a support program. In the opinion of the Brookings Institute, in a report on post-war economic prospects, they feel that for agricultural prices extensive declines will take place unless prices are artificially supported, for the reason that the supply will be so large in all but relatively few foods. They further point out that the situation in foodstuffs is in contrast to that which prevailed following World War 1. They do not feel that there should be speculative inventory buying of raw materials and foodstuffs, such as took place in 1919 and 1920, as we now face surpluses against shortages in that period.

The Santa Fe railroad in issuing their October report are quite optimistic in the outlook for the Southwest. They report wheat planting in Kansas, which had been delayed by previous dry weather, will now proceed rapidly as the result of generous rains which visited many sections of that State, although they do point out that while the eastern and central sections received moderate to heavy rains, the western third still remains relatively dry and further moisture would be helpful. However, the report states that in the major portion of the territory served by their Railroad, the acreage will be just as large as that of this past year. Their report from Texas is not quite so favorable. Drought still persists in that State and is somewhat retarding the preparation of the soil and the planting of winter wheat.

Primary receipts of wheat were somewhat larger, amounting to 3,271,000 bu. This compared with 3,326,000 bu last week, and 3,082,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 72,000 bu.

After yesterday's advance resulting from short covering and further investment buying, there was some hesitancy for a time but yet enough milling business apparently had been put through so that removal of hedges gave further encouragement, particularly on the slight reaction, with the result that prices firmed. Most traders are imbued with the fact that merchandise of all sorts is still scarce. This situation may change later on as we get into production, but for the time being there is little confidence that prices will recede, and we believe that this accounts for a good deal of the recent buying in a cereal such as oats, even where a bumper crop has been secured. The same refers to farmers who are holding back, but in view of the fact that pastures are in good shape and that the winter wheat is just beginning to show its head above the ground, we believe that animals will graze and thus there will be some saving of other feeds. Final prices showed advances in wheat of 5/8 to 2 3/8¢ per bu. New crop months were particularly strong.

There are still rather optimistic reports coming from Australia and while stocks of old wheat are small, it looks as though the next crop will amount to 140 million bu, although in our opinion this is the minimum. Little attention, however, is being paid to developments in Southern Hemisphere.

Corn prices were slightly reactionary and no further frost occurred. It is still impossible to tell how much damage has been sustained as the result of recent cold weather.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 3, 1945

The first meeting of the International Wheat Council since the signing of the 1942 Memorandum of Agreement was recently held in London. It was attended by representatives of the Unites States, Canada, Argentina, Australia, and the United Kingdom. Owing to the fact that the press was not admitted, we do not have many of the details, although we are indebted to Broomhall for some of the facts that were disclosed after the Conference ended. It seems that they reviewed the present and prospective world wheat position and agreed that the import requirements for the present season would exceed by a substantial margin the present estimates of supplies available for export during that period. However, with some economies providing rigid controls of the feeding of wheat to livestock, both in exporting and in importing nations, and by maintaining practicable wartime extraction ratios it was felt that the amounts available for export could be stepped up sufficiently to meet all requirements for direct human consumption. Without knowing the exact size of Southern Hemisphere crops, but estimating these and allowing for only reasonable carry-over reserves in the export countries, it was figured that the United States, Canada, Argentina, and Australia could spare 1,064 million bu for overseas shipments, although admitting that the amount of wheat which the United States will use this season for animal feeding and for industrial alcohol was still a matter of conjecture.

Broomhall, who has had practical knowledge in these matters, and whose estimates have been regarded as both scientific and accurate for many, many years, reasons somewhat differently on the amounts which will finally go into exporting channels. Calling attention to other difficulties than wheat shortages themselves, he says that boats are not too plentiful, and he speaks also of impaired unloading and transport facilities in the newly liberated countries, particularly in the Far East. Facilities for handling wheat in bulk are definitely inadequate, and there is not the bagging available to ship all of the wheat in sacks. He further calls attention that thus far most of the relief supplies for the Far East have been in the form of flour, depending upon the extent to which flour mills have been destroyed or damaged by bombing. His total estimate for European and North African requirements is 75,500,000 quarters, which would be only 604 million bu wheat, and it remains to be seen whether this figure or that of the Council will finally be realized.

In the meantime, of course, the trade is leaning more to the belief that the higher figure may be reached owing to the many stories of distress and even starvation in Europe and the pace which our government is setting for relief shipments. This is tending to keep markets rather firm, despite the warnings from those who have been in the export business for many years, that the sights may be set somewhat high in view of the facilities for getting grain out of this country. As we pointed out sometime ago, it is altogether likely that 100 million bu wheat in the form of flour may reduce the actual amount of wheat shipments, and this very likely accounts for the indifference on part of CCC in making further acquisitions.

Primary receipts were a little lighter, amounting to 1,968,000 bu compared with 2,247,000 bu last week and 1,320,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 84,000 bu.

There are decreases taking place Southwest offset to some extent by increases Northwest. In fact, the spring wheat movement seems to be pretty heavy, and Minneapolis reported that the country was a good seller. This brought hedges into the market both there and here, with the result that we finally closed with losses of 1 to 1 1/2¢ per bu. There was also more pressure on our December wheat than on the May, and the spread narrowed slightly. Whether or not we shall witness deliveries of consequence on December contracts remains to be seen.

Some frosts were reported in northern sections of Illinois and Indiana, but on the other hand, OPA does not intend to permit any advance in the ceiling. This caused some liquidation, with lower prices.

The demand for cash oats is not particularly heavy, and there were recessions in the market, although speculators seem pretty confident of their position, and liquidating sales were not on a large scale.

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October 4, 1945.

There was very little in the overnight news. Weather has become less of a factor, although recent frosts in northern sections of the corn belt have undoubtedly done some damage. Shortly after the session started, we had a report by one of the private experts estimating the crop at 2,943 million bu. This was somewhat larger than his forecast in September, but it showed a reduction from the federal figure of 3,069 million bu. This is undoubtedly due to unfavorable weather which occurred during September, but at the same time we believe it will take a few weeks yet before the situation can be fully assessed, as there are still large areas where apparently favorable weather could still increase the yields. There was very little surprise shown, and although markets were a little firmer at the start, liquidating sales and further hedges from the Northwest had their effect early.

In the main European demand is being mostly satisfied by shipments from North America. It has been known for some time that remaining stocks in Australia are small, and while there is a fair amount of grain in the Argentine, various transportation problems have arisen, some of which we have previously mentioned. It is not only lack of fuel to run railroads but now it has developed that the Argentine government recently suspended shipments of a considerable quantity of wheat to England and to Brazil, not only because of railroad difficulties, but also a lack of tires, which prevented the movement of grain via truck. Some of these conditions may shortly be improved, particularly as rubber becomes more plentiful, and also if boats can transport oil and coal to that country, but here, again, we have the aftermath of the war in another phase, which time alone can cure.

It is still too early to definitely state how large the Argentine crop will be, but attention has been directed to a smaller seeded acreage, which is now placed at 14,127,000 acres compared with 13,369,000 acres a year ago. However, the abandonment last year brought the harvested acreage down to 10,817,000 acres, which made it the smallest in some years. It is almost a foregone conclusion that with the recent rains that occurred in that country, the final results this year will be better; but yet, the experts are looking for only a moderate-sized outturn.

Latest reports from Canada indicate that since August 1st, overseas shipments of wheat and flour have amounted to about 64 1/2 million bu compared with 49 1/2 million bu a year ago. In view of the fact that they started the season with a crop and carryover of 579 million bu, they are in position to ship rather heavily, although finally this will be at the expense of a reserve stock. A year ago they had total supplies of 792 million bu and wound up the season with 258 million bu on hand August 1, 1945. Therefore, with this year's smaller supply, it is quite obvious that if exports are maintained at the present rate, they will have a considerable reduction in stocks, although we can remember the time for many years when Canada carried very little over from one crop to the next, and it was only when the Wheat Pool came into existence that a country with a relatively small population got into the habit of carrying over so much grain due to various price control supports, etc.

Primary receipts of wheat amounted to 2,392,000 bu compared with 1,981,000 bu last week, and 2,175,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 204,000 bu.

After mid-session buyers appeared in the wheat market, and it was based on the bullish implications of the Pace Bill, which if passed, would mean a higher parity computation to include farm labor and the services of the producer's own family. We do not think there is much chance of this bill passing, as it has a great inflationary possibility. It had been up for consideration previously, and therefore, we do not pay too much attention to it, but in any event it caused considerable short covering, with the result that final wheat prices made advances of 1 5/8 to 1 3/4¢ per bu for the nearby futures, and 2 3/4 to 3¢ higher for the more deferred months, many new highs on the crop being recorded.

When the wheat market advanced the buying spread to other pits, and the whole list closed strong. Corn, which has a ceiling not far away, closed somewhat higher, but in the latter cereal volume was rather light.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 5, 1945.

It was most encouraging to learn that at yesterday's meeting between Mr. Farrington of the CCC and grain exporters a decision was reached to shortly return the foreign business to private hands. At the moment practically all exports are being handled through governmental agencies, but prospects now are favorable for the early resumption of commercial handling by the trade, and we feel certain that in the final analysis this will be more efficient, as it was in peacetime that our surpluses were competitively sold and when foreigners had greater confidence in their dealings with the trade, particularly since there were more personal contacts because practically all the exporters established offices in foreign lands. At the moment it is figured that there will be a demand sufficiently large to take care of all surplus supplies, but this will not always remain the case, and one must think two or three years hence after European crops are again more normal and when the business will be mostly for cash instead of through credits.

When our market opened this morning, there were some reactions owing to the fact that a good many people are skeptical that the Pace Amendment for recomputing parity will finally be established into law. It is impossible to say exactly how much this would increase prices percentagewise, because labor costs vary from one part of the country to the other. For example, those working in the tobacco fields do not get the same pay as those who help to harvest wheat; nor do all harvest hands receive the same rate of pay, as there are wide differences in the Mid-West from those prevailing on the Pacific Coast. However, some believe that it might add as much as 20 to 30¢ to the parity level for wheat, which would mean a big increase for the loan and might make it much more difficult to maintain the increased level in the peace years ahead. Whenever this theory was advanced on former occasions, it did not have the administration's backing, because it wqs highly inflationary, and coming at the present time when even the Secretary of Agriculture, Mr.Anderson, has his doubts that agricultural levels can be maintained in the post-war period, it is less likely to meet with support. It seems a rather unpropitious time to force a change in parity computations, because according to the Bureau of Agricultural Economics, at the start of 1945 the farm population as a whole had accumulated nearly $17 billion in demand and time deposits, currency, U. S. Saving Bonds, and various other liquid assets, and having handled himself in such a thrifty manner, the farmer has emerged from the war with nearly $2 in financial assets for every $1 owed, the latter coming from a study by the Life Insurance Companies of America.

However, shorts will be on the defensive for the time being, and meanwhile with such thinking taking place at Washington, it may lessen the eagerness of farmers to market their grain now particularly as many producers are tax-minded and may figure that if they wait until the next calendar period their tax returns may be lower and then, of course, there is no assurance that the bumper crops of the last three years will be repeated during the summer of 1946.

Primary receipts of wheat were 2,023,000 bu compared with 1,950,000 bu last week, and 2,871,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 323,000 bu. There undoubtedly will be a decrease in the visible supply on Monday; last year same period there was an increase of 298,000 bu.

Markets ruled rather strong, but toward the end of the session there were reactions, possibly in sympathy with lower prices in cotton. One of our friends in New York wired us that the Department of Agriculture was upset by Mr. Pace's proposal, as it was felt that a long-term sound program for agriculture was preferable to an immediate price advance. The same party also stated that while it has been assumed in the trade that Mr. Pace's Bill would pass the House, it might run into difficulty in the Senate, but that his Washington informant said he doubts seriously if the Pace Bill would even pass the House at this time. If this is the case, we may have further reactions, as the recen advances were very largely due to this legislative fear. Final prices in wheat showed advances of 1/8¢ to losses of 1/2¢ per bu.

The trade in other pits was smaller than yesterday, but action was largely in sympathy with the leading cereal.

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CHICAGO, 4 October 8, 1945

Mr. Anderson, Secretary of Agriculture, made a very realistic talk a few days ago in Arkansas, and while he dealt mostly with the cotton situation, nevertheless, it was pertinent to all of agriculture for the reason that he faced the problems of surpluses with a good deal of concern, particularly as it would finally affect farmers. He called attention to the fact that about 5 million bales of cotton are owned by the CCC or pooled by that agency for producers under the loan agreement. In addition he said that this country had 1944 loan cotton with title still in the hands of producers totaling about a million bales and that some of the government-held cotton is ten years old. "Such a big carryover," he claimed, "at a time like this with the war recently ended and foreign trade conditions uncertain is not healthy. It hangs like the sword of Damocles over the market. One of the first things we must do is to clear the deck of this great surplus. And we must not overlook the fact that surplus cotton has been accumulated during a period of declining acreage."

All this is very pertinent at a time when certain groups in Washington are discussing higher parity prices for wheat under the Pace formula. As near as we can tell, if labor costs were included in the calculations, cotton parity would be 28¢ a lb, wheat $2.03 a bu, corn $1.48, rye $1.66, oats 92¢, and barley $1.43. These are all prices on the farm but it shows that the advance in wheat parity would amount to about 50¢ per bu, and would make the price at Chicago almost $2.30, figuring freight and charges such as the government generally does with respect to the loan and ceilings. All this is so inflationary because it practically means a support level about double what the farmers in Canada would be afforded. It would stop all normal export business except where possibly our wheat were given away or sold on credit. Possibly this would not be a factor for the next year or two, but surely after Europe recovers and agriculture again becomes an important industry, it would lessen the chances of our selling surpluses except by dumping or else figuring on an artificial method for disposition. It was always the surplus problem in various countries that brought about the great slump in prices. One need hardly refer again to the valorization of coffee in Brazil, the artificial method of keeping up rubber prices in Britain under the Stevenson Act, the Cuban attempt to maintain sugar prices, and even our own Farm Board era to appreciate what we have in mind. Many people seem to have forgotten that in September of 1939, when war was declared, wheat at Chicago was selling from 76 to 77¢ a bu, and that the wartime price advance which followed has probably been more pronounced than the general run of commodities. Therefore, a certain amount of inflation is already expressed in the price of grains. For example, corn was selling in Chicago just prior to hostilities for 50¢ a bu, oats 33¢, rye 45¢, and soybeans 78¢. Any attempt to permanently keep wheat prices around the $2 level might have secondary consequences which those not experienced in grain matters do not now foresee.

Action of the cotton market suggests that there is not quite the same confidence in the East that the Pace Bill will finally go through in its present form. However, with certain inflation fears, lack of pressure, and possibility of higher parity, with a consequent higher loan, shorts have been very nervous, but likewise any change in the news from Washington could give us reactions now that a long interest has been built up.

There was some delay in getting the visible supply figures but other factors came to the foreground again today. Prediction for frost in the Central States is more or less to be expected at this time of year, and we doubt whether it by itself had much influence on the corn market, although the strength in other pits brought buying into that cereal, and at one time the December delivery sold at the ceiling, although reacted about 1/2¢ per bu. Wheat was very strong, especially the deferred months, which advanced 1 1/2¢ per bu. The old crop futures were 7/8 to 1¢ per bu higher.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 9, 1945

General killing frost has occurred through the major portion of the corn producing areas, and it now brings to a close one of the shortest growing seasons on record. In the Chicago area the average date for a killing frost is October 19th and the average length of the growing season is 186 days. This year only 151 days were considered favorable for growing crops. In Iowa the average date of killing frost is somewhere between October 9th and October 16th, with an average growing season running between 171 to 179 days. While at first glance this might sound rather serious to the casual observer, the fact must be borne in mind that there has been an extensive increase in the use of hybrid seed, which has greatly shortened the time necessary for the maturity of the corn crop. It is estimated by the U. S. Department of Agriculture that in 1933 only two-tenths of one per cent of the corn acreage in the main corn belt area was sown to hybrid. This was stepped up to 25.4% in 1938 and in 1944, the last year for which figures are available, 82.5% of all corn acreage in that area was planted with hybrid seed, while practically the entire acreage in Iowa, the largest corn State, went into hybrid seeds, with a total of 99%. There is no doubt that some corn has been caught by the early frost, but on the other hand we believe it will affect quality more than quantity. The government report, which will be issued after the close tomorrow, should represent pretty well the final corn yield for this year, although that report as of October 1st may not include some damage done on the earlier freeze of last week.

The Northwestern Miller, in a bulletin under date of October 5th, states that the U. S. Department of Agriculture has told the North American Grain Association's Committee that grain exports would be handed back to private hands by January 1, 1946 and that wheat exports would taper off somewhat between now and that date. It is, indeed, very encouraging to learn that it may not be long before the export business is returned to private trade, but the problem will have to be solved as to the arrangements on which our exporters will be able to offer wheat, with our price level so much above that of other exporting countries, and if in the meantime the Pace Bill, with its great inflationary implications, should pass, it would put the price of U. S. wheat and other grains that much further out of line. Our original farm programs were instigated to prevent disastrously low prices to the producer. At the present time, according to all statistics published, the farmers are in a prosperous condition, with a minimum amount of farm mortgages and a maximum amount of money in the bank. In our judgment the effects of raising the parity on wheat to $2.03 would have grave secondary consequences and would eventually present a farm problem more difficult than any that had to be solved in the past. We have been told by certain sources that at least one of the farm organizations is divided as to its opinion on the Pace Bill and is in favor of delaying action until later in the year. In the meantime there is a holding tendency on part of farmers partly attributed to taxes, partly to the feeling that there is a possibility that parity prices may be revised upward; and there is a disposition for certain producers not to offer new corn even at full ceiling prices. The Office of Price Administration, in a recent release, stated, "Since the present ceiling prices for corn fully reflect parity to the producers, there is no reason to increase corn ceilings at this time."

The visible supply figures, which were not posted by the close of the market yesterday, showed a decrease for last week of 760,000 bu, making total stocks 141,148,000 bu, or 25,976,000 bu less than a year ago. Chicago stocks of wheat decreased 782,000 bu and now total 5,455,000 bu. Rye stocks in Chicago decreased 75,000 bu, leaving a balance on hand in this market of 1,850,000 bu. Primary receipts of wheat were 3,137,000 bu compared with 3,271,000 bu last week, and 1,804,000 bu last year. So far this week Kansas City stocks have decreased 125,000 bu.

There was very little of interest in the market today, nor was there any particular evidence of milling business. The course of the market will depend on the final outcome of the Pace Bill, and until more is known many traders prefer to keep close to shore. No purchases on part of the CCC were reported today. The strike of dock workers in the East is somewhat curtailing shipments of grain and flour from New York. At the close wheat showed a range of 1/4¢ lower to 1/8¢ higher per bushel.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 10, 1945.

Prior to the opening of our market this morning, it appeared that with no action liable on the Pace Bill within the near future the effects of same had probably been discounted at present price levels and that the market for the moment would probably need a new incentive. This was furnished shortly after the opening by an announcement from the Chicago Office of the Grain Branch of Production and Marketing Administration that until further notice they would entertain offers of wheat at current market prices for shipment to Atlantic seaboard ports in such amounts as may be necessary to meet export requirements. They further announced that they reserve the right to reject any and all offers. This is the first time in several weeks that the government organization has been in the market for any wheat. Immediately thereafter word came from Minneapolis that the Northwest office of the government agency would buy one dark hard northern or one dark northern at 174 1/2 FOB boat Duluth; one dark hard or one northern at 173 1/2; two dark or two northern at 1.73; one dark hard winter or one hard winter at 174 1/2¢ and two dark hard winter or two hard winter at 173 1/2. These prices represent full ceilings with mark-ups. How extensive these purchases will be is difficult to judge, as well as the aggressiveness with which the government agency will puruse the policy of following up ruling cash grain prices. Ever since the last purchases were reported, their prices had been below the market and were assumed by many to be a support floor. Undoubtedly more wheat is needed to carry out their commitments in Europe as far as relief and other supplies are necessary. Furthermore, we have heard for some time that the government had charters on both lake and ocean freight without the supplies available to make shipments. At the time of writing this letter, there has been no announcement from the Kansas City Office of the Commodity Credit Corporation of any change in their buying policy at that point.

The producers have until December 31st to apply for loans on the 1945 crop. No estimates are yet available as to the probable total amount that will be impounded, but with cash prices ruling above loan values, it seems rather improbable that any significant quantity will be impounded between now and the end of the year. Looking over past records, in 1941, 255 million bu was reported impounded on October 14th of that year against a final figure of 365 million bu. In 1942, 241 million was reported impounded on October 17th against final figures of 406 million. In 1943, the loans were 94 million bu on October 16th against the final of 129 million bu; and in 1944 the government reported 128 million bu impounded on October 14th against final figures of 183 million bu. In the years of large impoundings prices had ruled below loan values, and it would appear that after the turn of the year there should be ample supplies in free hands. At the moment there seems to be a holding tendency on part of producers due in part to tax questions and partly that ceiling prices might be raised either through action such as the Pace Bill or by OPA directive, although at the moment there is no reason to believe that either of the latter two will take place. After December 31st, with the farmer facing a new tax year, offerings may become more liberal.

Primary receipts of wheat today totaled 2,011,000 bu compared with 2,392,000 bu a week ago, and 1,953,000 bu comparable day of last year. So far this week stocks at Minneapolis and Kansas City show a net decrease of 41,000 bu.

The market was dominated throughout the session by government buying of cash wheat in both Chicago and Northwestern markets. No estimate is available yet as to their probable purchases, although if they follow precedent, this figure will be published tomorrow morning. At the close wheat showed an advance of 1¢ to 1 5/8¢ per bu.

A government report will be issued after the close of our market today; the main interest will center around the corn estimate. While the report may not reflect the earlier freeze which occurred in parts of the belt the first part of this month, nevertheless, the figure as issued will give a very good clue to the final outturn of the crop. As we mentioned before, we do not believe that the early ending of the growing season will affect the quantity as much as the quality.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 11, 1945

The government report which was issued after the close of the market yesterday confirmed that this country was again blest with large crops, and the total food grain output may be the largest on record, with the feed grain crops the second largest. Coupled with this fact, the total farm production of livestock and livestock products this year will be about in line with last season, but possible 5% below the peak figure for the year 1943. Particular attention was attached to the government's corn estimate. Another crop exceeding 3 billion bu is indicated with the outturn slightly raised from the September 1st figures. There are many who will argue that this figure will be subject to downward revisions due to the frost since October 1st, but we lean to the thought that the quality might have been affected more than the quantity. This has some effect on feeding operations for the reason that as a rule a good part of the soft corn is fed locally and not shipped. As an offset to any damage that may have occurred, government figures indicate farm reserves of corn on October 1st of approximately 100 million bu more than last year, so that we start this season with supplies not much reduced from the bumper crop of 1944. Further encouragement for the feed situation was the increase in the oat crop, making the total now approximately 1,584 million bu.

It was announced this morning that under the new buying program, the CCC had purchased 255,000 bu wheat in Chicago and 1 1/2 million bu Northwest. So far the program in Minneapolis and Duluth calls for shipment by October 25th, but if the export requirements are not met by that time, there is no reason to assume that this program might not be exceeded. According to Sanford Evans exports of wheat and flour from the U. S. since July 1st for fourteen weeks total 54 million bu, slightly under 4 million bu a week. Unless our exports are stepped up considerably, this would only be at the rate of 200 million bu for the year, which would be below previous announced requirements of possible shipments from this country.

According to the Office of Foreign Agricultural Relations of the Department of Agriculture, the news from Denmark is a little more cheerful. It is reported that the number of bred sows in the middle of July showed an increase over the corresponding date the year previous, and again a month later an additional increase was shown. While it is still at a low level, nevertheless, the trend seems to be upwards. The Danish crop outlook was also good and domestic feed supplies, together with the amount that will be implemented from imports. point to a more encouraging situation.

The cotton trade was rather dumbfounded yesterday to learn of the announcement made that as long as the present government was in power in Great Britain, the Liverpool cotton market will not be reopened. This intimates that the cotton trade will be handled by governmental agencies, and is a rather drastic step against an industry which had been established for over 300 years in Great Britain.

As to what the policy of the English government will be in handling of grain cannot be stated definitely at this time. However, we are in receipt of a rather interesting letter from our former representative at Liverpool, who has just returned after four years in the armed forces of his country. The letter is dated Octover 4th. He mentions that the grain trade comes under the Ministry of Food, while cotton is under the Ministry of Supply, which is probably the reason why one market might be allowed to open and the other closed. He comments that the cotton association did not have a very definite plan to cooperate with the government at the time of the outbreak of the war. On the other hand, there was very close cooperation between the grain trade and the Ministry of Food, and, therefore, there is a better possibility that the grain trade will be returned to private hands.

Markets reacted at times, possibly due to the figures given in yesterday's government report, but with lack of pressure, and still the uncertainties as to the quantity of wheat which may be acquired by the CCC, there was enough buying to give us a closing rally. The deferred months were about unchanged, but the December advanced half cent per bushel. There was considerable buying of December against sales of May presumably for an elevator concern.

Oats were about the only weak cereal on the list, showing fractional declines.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 15, 1945.

With all the distress in the world and food shortages in Europe which are constantly brought to our attention, it seems almost criminal to see the wasteful burning of wheat and corn in the Argentine owing to the scarcity of fuel. This situation has been going on too long, but there is some hope that with more shipping now available, coal and oil will shortly be imported into that country, and thus allow more food to be exported to the countries where it is so badly needed. At the moment there is a demand for practically all that has been raised, but how long this urgency will be maintained is difficult to judge. Most exporting countries are obsessed with the view of getting permanently higher prices for wheat, but as Broomhall points out there is no permanent monopoly in the case of an article which is grown inevery corner of the world. The only remedy, according to this expert, is to get down to the task of making wheat growing pay at the world price established on a fair basis of open competition. He calls attention to the fact that the main cause of depression in the world wheat trade during the decade ending 1939 was the high tariffs imposed on wheat imports and the general move toward self-sufficiency in wheat throughout the Continent. With the war just ended, we find that already in France farmers are exhorted to make the country independent of foreign wheat and are being paid a record price to this end. The French Treasury will have to find 7,700 million francs for the bread subsidy, and it makes depressing reading, but at the same time it should act as a grave warning, because who can tell how many other countries will act likewise. In other words, subsidies may be used by importers as well as exporters. Possibly France would not have been in such a hurry had the international wheat price been lower than it is, or had there been a different attitude amongst the wheat exprting countries. However, the International Wheat Agreement, which was signed in Washington in July 1942, appears to have broken down, and no reference was made to it in the recent discussions at London.

When our market opened this morning, there was little to guide it, although the carryover feeling from Saturday was somewhat bullish and the fact that December wheat is selling not far from the ceiling undoubtedly encourages buying of the deferred months on the ground that there is more latitude in those futures. Also the recent strength in rye and in oats has given further inspiration to the constructive position. However, there is still doubt, in spite of Europe's great requirements for food, whether we shall ship as much as was originally intended.

In the past fourteen weeks it is estimated that the clearances of wheat from the United States have amounted to only 54 million bu, or less than 4 million bu per week. Unless this tempo is spurred up appreciably, we shall never reach the goals earlier estimated, although a great deal of flour is undoubtedly being shipped, but recent business has been on a smaller scale.

One of our friends who recently visited London for the first time since 1939 found it very disappointing. Even at the so-called best restaurants, he stated that one ate early or not at all and that there was little choice and no civility. (Our informant is a Britisher.) His comment further stated that at one of the leading hotels it was more like a railway buffet, and this was confirmed yesterday in Mr. Shirer's talk from London, who told of the British diet, which was probably sufficient from point of view of nutritional value but yet the menus were extremely scanty in comparison to what they formerly were.

The wheat visible decreased 3 1/2 million bu, but in oats there was an increase of 2,337,000 bu.

Recent moisture in the Southwest has been almost entirely ignored, but yet is important since the winter wheat crop is getting off to such a wonderful start. Even in the Central States there is plenty of moisture for quick germination. The Baldwin report confirms our view that last week's frost in the corn belt will be reflected more in quality than in quantity, and that harvesting will get under way as soon as the corn dries out enough, so that it is suitable for marketing or cribbing. After mid-session there was some selling of July corn and it was found that the markets were poorly supported. In our opinion, the movement of corn when it starts in earnest is more bearish on oats than on corn for the reason that oats have been bulled by those who figured on a shortage of feedstuffs. Wheat was also influenced, and stop-loss selling occurred, with final prices showing declines of 1 3/4 to 2 3/8¢ per bu.

Rye, after going into new high ground, also reacted, and closed lower.

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CHICAGO, 4

Oct. 16, 1945.

It has been apparent for many weeks that very little wheat was going into the loan this year owing to the fact that the government was paying higher prices in order to accumulate sufficient supplies for export. Likewise, industries have been following the market since they had no other alternative if they wanted to continue operations. This is all confirmed now by the figures which have been released from Washington, indicating that on September 22nd loan stocks were only 21 million bu, but of this quantity less than 14 million bu represented wheat from the 1945 crop. There may have been some farmers who were not in the territory where government purchases had been made, or it may have been that they figured higher prices later on, with a possible increase in the ceiling would give them an advantage by impounding their grain, particularly if the Pace Bill or some similar legislation would go through; but certainly those were by far in the minority.

There were other interesting statistics made public: namely, the amount of government-owned wheat on October 1st, which is 125 1/2 million bu, or a reduction of about 12 million bu during the month. At first thought one might believe that this represented the export movement, but, of course, we know that it is much larger, and the balance must have been furnished through the additional quantities acquired by CCC during that period. Exactly how much is difficult to tell even though the daily purchases are given in the various markets, and we do not believe that monthly totals have ever been disclosed. By the same token the exports are very obscure, and although we have been able to purchase from the Department of Commerce all the pamphlets showing shipments from the various ports by months the figures are so complicated that even after close study we are unable to get the pertinent facts. Moreover, there seems to be a certain confusion between wheat and flour and the various cereals ground from wheat, so that there is not a concise picture, such as we had before the war, when the Bureau of Census gave wheat and flour clearances, which were so intelligible to the trade. It must be borne in mind that exports of wheat alone tell only about two-thirds of the story, and this year in particular, with the tremendous flour business being conducted in foreign channels, it makes more than the usual difficulty in computing totals.

The carryover feeling from yesterday was somewhat bearish, although purchases by CCC in the Northwest amounted to 865,000 bu yesterday, and this brought to mind that further acquisitions were always a threat to a downward market. Apparently the government is taking all of the wheat offered in the Northwest, although we understand, but cannot confirm it, that some offerings in this section of the country have been rejected. Whether this buying will continue just until enough has been accumulated to satisfy the loading of boats under charter is questionable, although we presume that even with the stock of 125 million bu wheat on hand, and rather sizeable exports taking place, the government will wish to keep a certain reserve on hand. July and September wheat, representing the new crop, were the weakest, and it looks extremely high based on the probable loan for next year, unless, of course, parity computation should be changed. On the other hand, December wheat was strong, and we do not look for any deliveries of consequence unless we go to a full shipping difference over Kansas City or Minneapolis, which in turn would probably mean a still higher premium for the nearby month over the deferred futures.

Primary receipts of wheat amounted to 3 million bu with Minneapolis for some reason missing. This compared with 3,137,000 bu last week, and 2,004,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 31,000 bu. Statistics are not playing an important part, but we note that Chicago wheat stocks decreased 747,000 bu for the week, and are now down to 4 3/4 million bu, apparently most of this grain is owned by the CCC.

Markets ruled mostly lower, although at times December wheat rallied above the previous close, and finally ended at a premium of 2 1/8¢ per bu over the May. We are now 10¢ over Kansas City.

Corn showed further weakness, and weather at the present time seems to be ideal with two or three clear days still ahead.

There was some liquidation in rye and in oats.

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CHICAGO, 4 October 17, 1945

There was very little news overnight. Weather was clear and the forecast was for mild temperatures during the next few days, all of which was satisfactory for the maturity of corn. The recent moisture in the Southwest has been very favorable for fall work, although we believe that the trade may have overlooked this factor. Good weather like good health is often negative and is noticed only when there are complaints. However, if we had had a prolonged drought, it might have been that wheat futures as well as cash wheat would have gone to the ceilings by this time. First prices were rather indifferent for all cereals, except wheat, and there was considerable buying, to give strength to the bread grain with offerings rather limited. During the session it was announced that Northwest houses were offering rather large quantities of high grade oats to come to this market, and that they were obtainable on a delivery basis. This caused a temporary bearish feeling, which even spread to wheat but the declines were short-lived. We had also been told that one of the large elevator concerns in the Northwest was selling oat futures at Minneapolis, and this apparently caused weakness in that market. At about mid-session several other news items came to the foreground. One was a report from Washington that the Netherlands' government was negotiating for the purchase of wheat through private hands to be exported during November. Also, it was said that the Spanish Embassy at Washington was authorized to purchase some wheat through North Pacific ports, and this stimulated our market, as did also a report that the Pace Bill might come up for consideration before long.

Not everyone understands the term "parity," although it is universally discussed as it concerns agriculture. In the simplest form parity means that a bushel of wheat should have the same purchasing power as it had at some previous date. Those who devised the method of computation originally set out to find a price for crops which would be satisfactory to farmers, and surveying the years far back they decided that the period from 1909-14 was one in which farmers did well. In fact, it was a golden age of farming; so they picked that period and called it the base period. All of a sudden a new factor is brought into the reckoning: namely, the worth of the producer to himself, that of his family, and that of his hired help, thus including labor twice for the reason that it has already been previously figured on all of those articles which the farmer generally purchases. Consequently, in trying to get an equilibrium between his monetary return and the goods that he buys, labor has already been calculated in the cost of tractors, sewing machines, clothing, and all of the other items that a producer needs and consumes.

CCC reported rather heavy purchases of wheat overnight-- not so much in our immediate territory but about 1,190,000 bu in the Northwest, and this also is a sustaining influence. Were it not for such support, unquestionably more grain would be available for mills and the trade at large owing to the fact that the primary movement keeps up pretty well. In wheat it amounted to 2,269,000 bu compared with 2,011,000 bu last week, and 2,180,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 103,000 bu.

Markets closed on a rather firm tone. It seems that some agency had advised customers to go long rye and to buy cotton on the theory that the Pace Bill might pass both houses of Congress. This even inspired some short covering in oats, with the result that the market, after being weak early, was fractionally up. Corn likewise recovered in sympathy with the strength in wheat and in rye. Final wheat prices showed an advance of 5/8 to 3/4¢ per bu. Rye did not maintain the best levels of the day but still should be considered as a very strong market. Shorts in December rye are nervous, and we doubt whether there will be any deliveries of consequence. Not only is the stock here being reduced right along, but there is no chance of replenishing it either from the Northwest or by importations from Canada.

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CHICAGO, 4 October 18, 1945.

Shipments of surplus goods from the Argentine have been seriously curtailed due to the breakdown in the internal transportation system. For example, wheat shipments to Brazil are generally sizeable, and it is only natural that that country should draw on her near neighbor for supplies, but according to a recent report the October Brazilian wheat quota was cut from 100,000 tons to 40,000 tons, and likewise a shipment of 200,000 tons which had been intended for the United Kingdom was suspended. This naturally imposes greater demands upon the North American Continent, particularly since Australia will have very little wheat until another crop is gathered.

We note that Canada in the first eleven weeks of the crop season has shipped 83 million bu wheat and flour compared with 61 million bu the similar period last year. We also note that the shipments from our country are much heavier, although the official estimates are still incomplete, and about all we have to go by is the compilation of Sanford Evans showing that in fifteen weeks we have placed 58 million bu afloat, and on that basis the total for the year would be in the neighborhood of about 200 million bu. We estimate that there will be an additional 100 million bu shipped in the form of flour, or in other words the total will about come up to expectations, as published in the last copy of THE WHEAT SITUATION by the Bureau of Agricultural Economics. Unless our exports are stepped up beyond that figure, we shall probably not reach the 30 or 40 million-bu monthly figure which has been spoken of repeatedly, but there may be occasional months when shipments will be extremely heavy. As near as we can figure now, the total domestic wheat supply on July 1st amounted to 1,433 million bu. It is somewhat difficult to predict what our home consumption will amount to, although we are figuring on some reductions from last year owing to a smaller usage of wheat for alcohol and probably lesser amounts needed for feed. Thus it is quite likely that we shall end the season with a reserve of 300 million bu. In our opinion it will be mostly in free hands owing to the fact that so little wheat is being impounded in the loan. Figuring the domestic usage in Canada at 160 million bu, or the same as last year, and deducting exports to date, there is still available 336 million bu either for export or next carryover. Thus their reserve stock by August 1, 1946, should show a considerable reduction from last season, but yet sufficient to take care of a country of only 12 million inhabitants; consequently, they can supply large quantities for the remainder of the crop year.

Less was heard today of the Pace Bill, but it is by no means a dead issue, and may come up in Committee within the next week or two. We understand, although cannot confirm it, that some of the farm groups are not in favor of it. It would appear to us that any far-sighted person would think not only of the immediate period ahead when Europe's needs are large, but rather of those years when production in the deficit countries will be stepped up, and when the surplus problems may again be a factor.

Wheat exports now privately negotiated with The Netherlands were most encouraging to the trade, and we believe is a step in the right direction to lessen the government's activities in this field. Due to the necessity of immediate post-war needs, it is probably just as well that the entire business has not been returned to private hands, although in the long run we are convinced that it will again be the most efficient procedure in the handling of surpluses.

Primary receipts of wheat amounted to 1,868,000 bu, which was precisely the same as last week, and compares with 2,090,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 240,000 bu.

Trade was not quite as active as during recent sessions, although after the recent short covering weakness developed, and at the last prices for the leading cereal showed a decline of 1 1/4 to 1 3/4¢ per bu. Some futures of rye went to new highs for the season, but there were sharp reactions here also when liquidation came into other pits, and the close was lower. Oats probably showed the greatest weakness, but this cereal has had very sharp advances in the last few weeks. The open interest is over 63 million bu, or about 6 million bu more than in wheat. The cash demand is not particularly urgent, carrying charges are developing, and we do not think this is the time to make purchases, as tired longs may shortly decide that the market is not too healthy under present conditions.

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 19, 1945.

Three or four months ago there was considerable anxiety about food shortages, but since Japan's surrender, the situation has improved substantially, and already we have found that rationing on many articles has been relaxed. As the Director of War Mobilization and Reconversion points out in a circular, dated October 1st, "Since V-J Day military requirements for food have been cut about 40%, and gradually additional cuts over the next few months will turn back considerable quantities of various foods to civilian channels." There are, of course, items on the list which may prove to be the exception to the rule, such as sugar, fats, and oils, but in the main, difficulties should not be encountered, and again weather has been such that food production this year will almost equal the records of 1944 and 1942. We are finding already a better distribution of our meat products, making more available to larger cities at some distance from the areas of production. Also, a program has been instituted encouraging the feeding of cattle to heavier weights, which will tend to increase the total output.

However, one cannot lose sight of the fact that many of the European countries are still deficient, and almost every time we pick up the Foreign Crop Summary, published by our Department of Agriculture, we find that some other nation in Europe is dependent largely on the surplus countries for their requirements. For example, the grain crop in Denmark is estimated to be smaller than last year, with the indicated rye outturn only about 75% of the 1944 crop. Oats and barley also show moderate reductions, while wheat is about unchanged, but yet smaller than average. Under these circumstances, it is quite understandable that our government should maintain the export program, and there were again purchases made in the Northwest by CCC --about 1/4 million bu, to be loaded on steamers at Duluth destined for the Eastern seaboard. At the same time there has not been much activity in Chicago, and as a matter of fact, with Kansas City prices about 10¢ under us, one would expect that some grain might be purchased in Missouri River markets to come here, but to our knowledge this has not been the case. The CCC was very active early in the season acquiring winter wheat at various markets in the Southwest, including Kansas, Texas, Oklahoma, etc.; some of this has already been shipped, other grain is being ordered out from time to time. We believe of the total government holdings a large percentage is in that territory and probably explains the government's indifference in buying more at this time. Whether this will finally affect the Chicago December future is difficult to say. As matters now stand, there is very little wheat in our market privately owned, but if the Southwest demand remains inactive, there is, of course, the possibility that shipments will be made to come here, and finally the premium of December over May might narrow, much depending on the demand of commercial interests.

Meanwhile, the State reports are reporting satisfactory progress on the winter wheat crop just seeded. In Kansas, which is the most important State, wheat planting progressed, and in most parts of the State seeding during the week is nearing completion over the western third, while generally more than half completed in the central third. Some localized areas are very dry in the central, north central, and west central areas, but moisture supplies are sufficient for the present, and excessive in parts of the south central area. In the eastern third seeding is well advanced in the northern part, although little more than started in the east central and southeastern counties.

Primary wheat receipts amounted to 2,085,000 bu; there was a holiday last week; last year they amounted to 1,925,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 405,000 bu. There should be a fair decrease in the visible on Monday, and it will compare with a decline in stocks a year ago of 1,721,000 bu.

Markets were reasonably firm at times, especially when December rye advanced, but weakness in oats was a factor, and likewise weakness at Kansas City brought some selling into the market, with the result that final prices showed declines of 1/4 to 3/4¢ per bu. A car of #2 hard wheat sold here 1¢ over December or $1.76; this compares with the ceiling price without any mark-ups of $1.77 1/2. We also understand that some of the South Dakota low protein wheat is selling in the Northwest under ceiling levels. If empty cars were more plentiful, receipts at Minneapolis and Duluth would undoubtedly be heavier.

Weather is ideal for corn, and beans are moving in pretty fair quantity.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Oct. 22, 1945.

It was reported over the week-end that the Pace Bill would probably be reported out of Committee within the next few days, and then be presented to the House for a hearing, and a vote. Even at the risk of repetition we are going to mention some facts which we believe pertinent, for the reason that if the Bill becomes law not only would agriculture be greater influenced, but our whole economy. When the first parity concept was considered by the Congress they wanted to give the farmers the same advantages which were enjoyed during the period 1909-14, which was a period of comparative prosperity. Congress held that the commodities which the producers purchased for farm living and for farm production were in balance with the price that farmers received for the commodities sold from the farms. In other words, that the farmer had parity from 1909-14 between the things he bought and the things he sold. However, there were two exceptions: namely, tobacco and potatoes, which were selling at low levels at that time, and so for those commodities the baseperiod was made 1919-29. The actual price for agricultural commodities during the base period may have slipped the memory of some people, and so we repeat that the price of wheat was 88.4¢ per bu, and for corn it was 64.2¢ per bu. If the new computation should be voted by both Houses and approved by the President, it would mean a very drastic upturn, as farm parity for wheat would then be $2.03 per bu, corn $1.48, and other commodities in proportion. For example, ryewould be $1.66, oats 92¢, barley $1.43, and cotton 28¢.

Thus, it can be seen that the inflationary aspects are tremendous, and for that reason we doubt whether the Senate would be in favor of such a law even if the House approved its passage. Moreover, the President would always have the right to veto the measure; so it is far from becoming law at this time, although certain nervousness exists and this we believe was responsible for the early strength in markets. By raising the parity price of wheat by nearly 50¢ per bu, it would mean the price at Chicago would be almost $2.30, at a time when subsidies are becoming less popular, and when most commodities will have to stand on their own. We doubt very much whether it would be advisable to attempt anything of this character, particularly since agriculture may recover much more quickly than it did after World War 1, owing to the fact that there is so much automotive power in Europe, as many of the machines which we sent over there probably will never be returned. We read last Saturday that the tanks, jeeps, and trucks which were now in Norway would be left there when the armed forces were moved out, and we presume that much of the equipment needed in wartime will stay in Europe. Therefore, if gasoline is obtainable there will not be the need for horse power to plow the land and to condition it, as was the case twenty-seven years ago. Consequently two or three years hence, the demand from surplus countries may be less urgent than at present.

The visible supply of wheat decreased 3,817,000 bu; total stocks are 133 3/4 million bu, or 30 million bu less than last year. Chicago stocks decreased 669,000 bu, leaving 4 million bu still here; probably a good percentage of this is government-owned. Total rye stocks decreased only 23,000 bu, but the oats visible increased 1 3/4 million bu.

Markets were all pretty strong, and in addition to the legislative uncertainties, it was said that the CCC was in the market for oats in the Northwest, asking for offers of #2 and #3 white oats FOB vessel at Duluth. Prices were not mentioned, but the indications are that the government might want to acquire this grain also to take care of export commitments. Minneapolis reported that about 1 3/4 million bu of wheat were bought Saturday by the CCC.

Over the weekend there had been considerable moisture in Illinois and Missouri, but skies are clearing, and we doubt whether corn has been hurt, although temporarily it could not dry out in those sections where the rains occurred.

While the Pace Bill has come up almost every year since 1942, to the best of our knowledge, it only passed in the House without a record vote, but was stopped by the Administration and never even got to the Senate. We believe those who understand agriculture appreciate that with greater efficiency, better yields per acre, and more modern machinery that the farmer is able to produce cheaper now than he was years ago, even though labor costs are higher. Final wheat prices showed advances of 1/2 to 1 1/2¢ per bu.

Other cereals were also higher, and in most cases the new buying

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 23, 1945

The tempo of markets has slowed down considerably since the Pace Bill has been reported nearly ready to come out of Committee. Of course, nobody can be entirelysure of the outcome, although as we pointed out yesterday, the cost of labor in our opinion, while important, is not the paramount issue in determining the farmer's returns and income. Most producers, since prices have been high, have been able to cultivate more intensively; they have improved the seed which they used; they have used better fertilizer, and helped by propitious weather, they have harvested extremely large crops all during the war period. One of the most important factors, but one not so often mentioned, is the amount of abandonment and winter killing of winter wheat, over which the producer has no control. For example, the total harvested acreage in this country in 1945 was 64.9 million acres compared with the ten-year average, 1930-39, of only 55.8 million acres. In 1942, the area standing for harvest amounted to only 49.2 million acres, with only a slight increase the following year. Therefore, it is very evident that regardless of the acreage sown, if winter wheat conditions are adverse, or in the spring wheat territory, if dry weather sets in, the farmer through no fault of his will probably reap a much smaller crop; consequently, his income will in turn be adversely affected.

We are fully aware that artificial methods cannot take care of all emergencies, but it is certainly wiser to adopt a method to provide parity income to the farmer rather than a parity price per bushel, owing to the fact that there is such a variance in production that parity alone, as we now know it, is not the answer. The war has brought very much higher prices not only for wheat, but for other cereals, and today, farmers in the major exporting countries are receiving double, and sometimes treble, the rates current in 1939. Both buying and selling prices are directly or indirectly controlled by the various methods employed by governments, but it remains to be seen whether in the years ahead it will be possible to continue this for the reason that European crops are very likely to recover and agriculture, in our opinion, will be one of the first items to improve.

The National Federation of Corn Trade Associations in Britain has published its interim memorandum, and this is important since it is an official view of the United Kingdom grain trade. It was prepared at the instance of the Minister of Food, who asked for the Federation's views on the marketing of grain for the future. Briefly stated, "The Federation's plea is for the restoration of the open market and it supports the view that 'being the biggest importer, it is essential for us to buy our requirements at the cheapest possible price and that the primary producer must look to improved technical methods, but, above all, to broadening markets for his prosperity.'"

Primary receipts of wheat amounted to 2,440,000 bu vs. 3,602,000 bu last week and 2,065,000 bu last year. Minneapolis and Kansas City stocks so far this week show a net decrease of 72,000 bu.

Markets were rather strong in the early part of the session. This again was due to fears that the Pace Bill might pass in the House when brought up before that body. Further short-covering took place, but later in the session when the stock market reacted because of labor difficulties, there was some selling of grain, and at the last wheat prices were unchanged to 1/2¢ per bu higher.

The CCC had asked for offerings of oats Northwest, but apparently no business was transacted, although 550,000 bu wheat was acquired by this federal bureau, and again the market was deprived of normal hedging business. It was learned, however, that the government plans to reduce its activities in the export grain trade, and we believe that the Department of State was very anxious for the resumption of business to private hands, particularly where the foreign commitments were handled for cash. Furthermore, it is felt that greater efficiency will result and that possibly larger quantities can be placed afloat.

December corn at one time sold at the ceiling of 118 1/2 but fractional reactions took place. Trade on the whole was not particularly large. Mostly clear weather is favorable for drying out corn, although some showers Southwest are expected.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 24, 1945

Shortly after our market opened this morning, a news dispatch from Washington claimed that administration forces would line up against the Pace Bill, thus opposing any increase in the parity formula. It also told of Secretary Anderson's desire to bring the parity policy up to date, but only by properly aligning relationships of certain articles not now in balance. The more we study this concept the clearer it is to us that labor already plays a most important part in the computation. For example, there is a grand total of 174 items for living and production which the farmer may buy during a year's time already included in the formula. For instance, 17 items of clothing, including rubber boots, shoes, trousers, hats, silk hose, gloves, are specifically mentioned. There are 22 items of farm machinery, such as potato diggers, rakes, separators, thrashers, incubators, cultivators, binders, etc., also figured in the month's computation. There are 16 items of equipment and supplies, such as horse blankets, lead arsenate milk cans, kerosene, tires, etc., together with nine fertilizers; and there are also building materials, such as roofing composition, fence posts, poultry netting, windmills, etc., which is quite indicative that as labor in the country advances, allowances are already made for that. Thus, the farmer is already afforded what Congress had intended when the law was put into operation. In other words, the parity concept was regarded by Congress and by farm groups as a standard for determining what farm prices ought to be to insure equity.

The most recent recognition of parity as a price standard was its designation in the Emergency Price Control Act of 1942 as one of the bases to which price ceilings and floors are to be related. In view of the fact that the OPA and public policy is so directly interested in ceilings in order to prevent inflation, and since the farmers themselves are already so well satisfied with present support levels, we quite agree that there is no sponsorship for such a tremendous advance as the Pace Bill would bring about; nor have we heard any complaints from farmers that present levels are unsatisfactory.

It was stated this morning that the Commodity Credit Corporation would probably continue its buying program of oats in the Northwest, and while no intimation was given of the amounts involved, it was said that probably the buying would not exceed 5 million bu unless support action became necessary. 400,000 bu of oats of various grades was purchased yesterday in the Northwest, according to our information from Minneapolis, but only 50,000 bu of wheat.

Primary receipts of wheat were very light today, amounting to only 1,224,000 bu compared with 2,269,000 bu last week, and 1,820,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 237,000 bu.

Markets were reasonably firm at the start, although showed a little reactionary tendency, with further weakness in securities. Thus far not much attention to labor difficulties has been noted in grains, and of course, with the government willing and ready to support many agricultural prices there cannot be a very bearish sentiment, especially with daily purchases made in the northwest markets, particularly for wheat. On the other hand, prospects for the new crop are well maintained. There were rains in the Southwest, and some of the western areas, which had been previously skipped, were benefited; thus we are of the opinion that when the government December report is issued that it will show a high condition.

Over most of the corn belt moderate temperatures prevail, and the past week, according to the government report on grains, was ideal for curing and harvesting corn, with considerable cutting in the Ohio Valley, although some husking is apparently delayed because the ears are too moist for safe cribbing. However, in Iowa the moisture was reduced 5% in the central portion of that State during the week, although a large percentage is still said to be too soft to crib.

Trade on the whole was not heavy, and market continues erratic. Rye recovered substantially after liquidation abated, and there were also recoveries in wheat, although last prices showed declines of 1/4 to 5/8¢ per bu.

During most of the session oats were quite firm, and with the government policy now of acquiring larger quantities, and the threat that they might even buy more than was needed for export in order to maintain prices, or in any case to prevent declines, there seems to be hesitancy to sell this cereal short. As a matter of fact, it has probably encouraged longs who might otherwise have reduced their commitments.

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CHICAGO MERCANTILE EX.

October 25, 1945

Generally at this season of the year, one would start thinking of southern hemisphere crop prospects, but very little is heard these days about surpluses in other countries, for the reason that government policies at home keep us pre-occupied on continually changing methods of operation. Nevertheless, it is worth noting that the second official estimate of acreage has been published by the Argentine government, and the sown area is 14,191,000 acres compared with the five year pre-war average of 18,570,000 acres. Thus the reduction is quite heavy, although not so much based on the sowings of the past two years. The average yield in that country per sown acre is 11.8 bushels and apparently they do not get the good results that are obtained in this country; therefore, if the crop is an average one, we must assume that production will amount to only about 167 million bushels. As an offset the Australian crop has shown considerable improvement in recent months owing to rains which occurred, and it is likely that they may produce about 150 million bushels, which is actually more important because of the fact that consumption in that country is normally only about half as great as in the Argentine.

Our own position at home changes very little from week to week. As near as we can tell about 62 million bushels wheat and flour has been exported, and we include the term flour advisedly in quoting Sanford Evans' statistics, for the reason that his figures in the past have not applied solely to grain. We are still unable to get anything definite from the bureau of census, as they have not given weekly or monthly exports as they used to before the war, but on basis of the Canadian statistics, having started with a total domestic supply of 1,433,000,000 bu and deducting the estimated shipments to date, it would still leave 1,371,000,000 bu, less our domestic consumption, either for export or next carryover. Disappearance in this country was fairly constant in peacetime, but owing to the heavy feeding in recent years and the extra amounts needed for alcohol, it is rather difficult to venture a guess at this time. From the 1939 crop our home consumption was 663,000,000 bu; in 1940, 674,000,000 bu; the following year, 668,000,000 bu, but in 1942 it had risen to 951,000,000 bu, while reaching the peak in 1943 when the domestic disappearance actually rose to 1,216,000,000 bu. It dropped off a little last season to 1,017,000,000 bu, but just how we shall come out for the present crop year is rather difficult to say, particularly until we know more about the quality of corn and other matters pertaining to feed.

Our market was rather steady when the opening bell rang. It seems that Sen. Bankhead had promised to fight vigorously upholding the Pace bill if it passed the House, but on the other hand we hear there may be a long delay before it finally gets out of committee. Consequently, there will be legislative uncertainties until this matter is disposed of. When it is considered that the farmer is getting vastly higher yields by using hybrid seed and otherwise utilizing a more scientific approach to his problems, we believe that the question of farm labor is too much stressed, particularly at a time when his financial condition is outstandingly prosperous.

Primary receipts of wheat amounted to 1,819,000 bu or a little less than last week, when they were 1,868,000 bu. This compares with 1,685,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 489,000 bu.

There were two cereals rather outstanding, both receiving support at various times: One was rye the other oats. The latter it seems is being influenced by government purchases in the northwest, and it was said that 785,000 bu was acquired yesterday but the amount of wheat was small, purchases amounting to only 25,000 bu. With such support, it seems that a good deal of speculation is going into the oat market, but at the same time, there was a slight widening in the carrying charge from December to May; also Minneapolis December oats were comparatively weak. In our opinion, the total government purchases in comparison wit the crop will be small, indeed. The wheat market was rather firm during most of the session, with strength in other pits. Canadian wheat exports are running heavy; since August 1st they have amounted to 91 1/2 million bu vs 67 million bu a year ago. At the last wheat price were up 1/8 to 1/2¢ per bushel. Corn futures were fractionally higher, the December being almost at the ceiling.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 26, 1945

We believe it is important to know that the Agricultural Adjustment Act of 1933 and the subsequent Acts were definitely designed to relieve agricultural producers of the necessity for continuous and permanent dependence on federal subsidies for a part of their income. These Acts very clearly state that so far as possible, supplies of agricultural products are to be brought into such relation to demand that prices will reach parity. The Acts further provide that when prices reach parity, efforts to increase prices further shall be discontinued, as parity prices were considered equitable both to producers and consumers of agricultural products. We realize, of course, that so long as we have politics and so long as certain people wish to curry favor, these well planned intentions may be discarded; but it is also essential that another factor be given great consideration: namely, the possiblity that farm income may exceed parity by a considerable amount at a time when prices are approximately at parity. This is due to the fact that price parity makes no allowance for volume of sales while income is directly affected by volume. Due to the improved methods of farming and better uses of seed, we have found that the production per acre has advanced greatly, and with hybrid corn seed used so extensively and rust-resistant types of wheat, we are getting much better returns than was formerly the case.

A dispatch from Washington this morning told of hearings that were to be held by the Senate Agricultural Committee on November 8th. A parity measure sponsored by Senator Thomas is similar to the Pace Bill in the House in that it changes the parity formula by adding farm labor costs, but it goes further and would change the base period from 1909-14 to 1919-29. On this subject we quote an eminent authority on the subject, who says, "The 1919-29 period begins with very high prices, which are partly but not wholly offset by the low prices of 1921. The average for the 10-year period is higher than the index numbers for most of the years, due to the inclusion of the 1919 index. The average, therefore, is not typical of the major portion of the period. A parity price based on such an average would be unrealistic and would tend to promote disequilibrium." Actually some city folks may already claim that under new conditions present parity is too high. Improvements in production technique, improved machinery, which make possible lower costs of production or increase the number of units which can be produced with a certain expenditure of capital and labor, may already have an effect equivalent to an increase in the parity price, and may result in an expanded production, to which we have called attention in previous letters. Finally, such a condition, while not only inequitable to consumers might attract an undue amount of labor and capital into agricultural pursuits, which in the end would be very harmful to farmers, and consequently, any formula for parity on too high a basis should be discouraged. Thus far little attention has been given to the consumer's buying power, which in the post-war era may become an important factor.

Primary receipts of wheat amounted to 1,854,000 bu compared with 2,085,000 bu last week, and 2,099,000 bu last year. Kansas City stocks decreased 246,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 4,234,000 bu.

Markets were moderately active, but during most of the session rye and oats were very strong; May rye made a season's high. There have been no further purchases of oats by the CCC in the Northwest, although this agency acquired 100,000 bu of wheat. Nevertheless, the feeling that the government was behind the market and might prevent any sharp declines gave further impetus to the speculative element, and thi finally had its influence on wheat. For quite a while wheat prices were indifferent, and even a shade lower, but with the surrounding strength there was buying which gave us a final advance of 1/8 to 1/2¢ per bu. Mills apparently which were hedged in the July future, also made some purchases which rallied the new-crop positions. It is our belief from what we hear that when the flour subsidy is announced on November 1st there will be quite a sharp increase, and this may give us additional flour bookings.

Corn trade was rather dull, but there was no weakness. We note that yesterday only 270,000 bu were traded for the four futures.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 29, 1945

While recent weather has been mostly dry and favorable for maturity of corn, one must not forget that September precipitation in this country was the heaviest for the month since 1926. We mention this because it shows that there is little need for apprehension with respect to fall work and the seeding of winter wheat, which apparently has progressed normally, and according to some experts there may be a slight increase in acreage over last year. As for the agricultural year just closed, aggregate total crop production still promises an output equal to that produced in either of the exceptional years, 1942 and 1944, and the total is expected to exceed production in the peak year 1943 by about 6%. There may be some reductions in the soybean and corn crops since the government report was issued in September, but as far as food grain production is concerned, it is still the largest on record. Strangely enough, this was accomplished with a smaller farm population, and according to a report from Washington about 5,400,000 civilians moved from farms to cities since the start of the war, while approximately 2 1/2 million shifted to the farms from the non-farm areas; thus there was a net loss of nearly 3 million, which shows the great efficiency which we have had. It also stresses another point: namely, that the agricultural income, which is large, is spread amongst fewer people; consequently, labor is less of an item than most people recognize, and we still see no necessity for including this factor in parity computation as is now suggested under the Pace Bill.

It is very seldom that both the winter and spring wheat areas are so productive in the same season. After a bumper winter wheat crop had been gathered, there was some apprehension that conditions in the Northwest were not so propitious, but fortunately Providence favored farmers on this side of the international border, and while Canada harvested an under-average crop, the spring wheat yield in this country was 16.9 bu per acre, which equaled last year's excellent crop, and in fact, this yield has been exceeded only in three previous years. We can hardly expect the same results during the summer of 1946, but by the same token it is not likely that demands either domestically or for export will be maintained at present levels, and already we are finding that home usage of wheat is lessening due to the fact that smaller amounts are needed for alcohol, and likewise smaller quantities are being fed to livestock. The total disappearance in the first quarter of this crop year has been large, but it is rather difficult to come to accurate decisions for the reason that imports from Canada have been considerably less than a year ago, while exports have been expanded. However, we cannot tell just how large they are for the reason that we are getting no cooperation from the Department of Commerce in this direction. Formerly, shipments were posted on the blackboard of the exchange every Monday morning, and while Broomhall compiled this data, he was able to get it through official sources in Washington, and it was a tremendous help to the trade in formulating ideas for the future. We have repeatedly asked the Department of Commerce to enlighten us on this subject for the reason that there is no longer need of secrecy in keeping these figures veiled, as was the case during hostilities.

When our market opened this morning there was general firmness, and the wheat market, which had been quite indifferent on Saturday, showed a better tone, particularly for the old-crop positions. This very likely is due to the strength of cash wheat, with ceiling prices being reflected in practically all southwestern territories, with the possible exception of ordinary wheat, which in some caaes is on the border line. It is expected that on Wednesday or Thursday of this week, the new flour subsidy price will be announced, and some people believe that a record high will be established, which in turn might increase flour bookings. Later in the day new parity prices will be made public, and so long as the general price list and labor costs are maintained, one cannot look for reductions; therefore, it looks like either a steady or advancing tendency.

The visible supply of wheat decreased 3,370,000 bu, leaving a total of 130 1/2 million bu in all positions, or 29 million bu less than was on hand last year. Chicago stocks were nearly a standoff. There was a small decrease in oats; also, in rye and corn.

Despite a very strong rye market at Winnipeg, prices here were quite indifferent, but there was considerable buying of wheat by a large commission house; some thought it might be for Mexican account. At the last we had an advance of 3/8 to 5/8¢ per bu.

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CHICAGO MERCANTILE EX.

October 30, 1945.

Before the war the grain trade was kept fully informed of our export clearances, and each week the Bureau of Foreign and Domestic Commerce sent a wire to the Statistical Department of the Board of Trade giving shipments for the seven-day period, and thus it was easy to keep track of the amount of grain leaving this country. There were also monthly exports published in order to bring the trade fully up to date. This likewise was wired by the Director of the Census, although the latter did not reach here quite as promptly as the weekly figures. Lastly, the U. S. Foreign Trade Statistics kept tabulations, and we had an annual statement showing the destinations to various countries, and in this way everyone knew exactly what was going on. At the present time we find ourselves very much in the dark. We have been after the Department of Commerce for some time, and have subscribed to all their services, but, for example, it was only yesterday, October 29th, that we received their pamphlet on the July exports, while nothing has been received yet for August and September, and it may be months yet before we are brought up to date.

It is interesting, however, to note that during the month of July just less than 7 1/2 million bu wheat was cleared, while wheat as flour figured 3 3/4 million bu, or a total of 11 1/4 million bu wheat and flour. To this might be added macaroni and macaroni products, which the Department also gives, and which would make the grand total something less than 12 million bu. It is possible that the last item should not be included in this data, and we doubt whether it was a factor before the war, but even assuming that the entry is correct, it shows that our shipments have been much smaller than most people had in mind. The chances are that August and September figures when given will show a considerable increase, but nothing like the 30 million bu goal which had been spoken of so frequently. We feel that the people of this country are entitled to the same information which they previously had obtained. When the Board of Trade received their figures they were promptly posted on the blackboards and otherwise publicized in the papers, so that the whole world knew what was happening. Even today, we get weekly clearances from Canada, and we also have shipments from Southern Hemisphere countries, and no doubt Broomhall would again publish world shipments if he could get the information from the authorities at Washington. Undoubtedly in time this will all be detailed again, and we shall also have the afloat figures, so that exporters in this country can work with the utmost efficiency and reduce our surpluses without being involved in so much guesswork.

When our market opened this morning, prices were slightly reactionary. The food situation in Europe is still very acute, but from an interview the writer had with a Britisher over the weekend, knowledge was acquired that even now after hostilities have ended, the British diet is far different from ours and by comparison might be considered sub-standard. From point of view that they are getting so littl meat, so few fats and oils, and only two pints of milk per person per week, yet their health and hygiene has probably never been better. The only complaint seems to be skin irritation from lack of oils which causes dryness. However, plenty of vegetables and certain home-grown fruits have kept them healthy. Yet, when American observers go to England, the situation to them seems almost critical, probably for the reason that standards abroad for eating and for living are so different from the American.

Primary receipts of wheat amounted to 2,669,000 bu compared with 2,440,000 bu last week, and 2,120,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 473,000 bu

The wheat market was never very strong, although influenced at times by the great strength in rye. With the rye visible 4.3 million bu, of which about a third is here in Chicago, some in Minneapolis, and the balance scattered, the statistical position is strong, and it seems to be only a question as to what price should discount it. The December and May deliveries today went into new high ground for the season. Wheat was supported on the break, but the buying was never particularly aggressive. We note that yesterday's trade was only 6 3/4 million bu, and our guess is about the same today. Final prices were 1/4 to 5/8¢ per bu lower.

Oats were barely steady, and the same was true for corn. It seems to be fine weather for maturing the crop. The five-day weather outlook is likewise favorable, temperatures will average slightly over normal, with hardly any precipitation expected.

UHLMANN GRAIN CO.

Before this war the retail trade was very [illegible] of our [illegible] clearance, and [illegible] were sent advice to the [illegible] giving allowance for the [illegible] keep track of [illegible] also monthly [illegible]. This [illegible]

[illegible], the U. S. [illegible]

and in this way consumers have [illegible]. At the present time [illegible] find ourselves [illegible] after the separation of [illegible] all their services, [illegible] October 29th, that [illegible] may be months yet before [illegible] up to date.

It is interesting, however, to [illegible] only just less than 7 1/2 [illegible] were [illegible]

beers, which the [illegible] total something [illegible] the last [illegible]

the figures [illegible] the 36 million [illegible]

have received their [illegible]

government was beginning. [illegible] Canada, and we also [illegible] and in doubt [illegible] I would [illegible] get the information [illegible] time this will [illegible] be [illegible], and we [illegible] figures, [illegible] country [illegible]

stationery. The good attributes [illegible] very [illegible] knowledge was acquired [illegible] the birth in itself [illegible] but untutored sub-conscious [illegible] so little that, so far [illegible] commentary work, [illegible] result. The only complaint [illegible] also which causes dryness. [illegible] lose-brown fruits have [illegible]

The reason that [illegible] different from the Americans.

[illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 October 31, 1945.

After the close of the market yesterday new parity prices were published, and there was an increase of 1¢ per bu for wheat, which now makes the farm price $1.55 per bu, or an advance of 5¢ over the similar period last year. As far as we know, this does not change anything with respect to ceiling prices, nor will the loan rate be advanced for the balance of the season, but it finally does have an important bearing on what next year's loan price will be, particularly since these loans are mostly computed on a 90% basis. While we have called attention to it on many occasions, we think it is timely in view of the efforts to change the parity formula to mention it again. For example, when the first loan price was established in 1938 the Chicago price was 77¢, and it advanced each year without exception, as the following table will show, until at the present time the Chicago loan price amounts to $1.59 per bu:

	1938	1939	1940	1941	1942	1943	1944	1945
Chicago Loan Price	77¢	80¢	81¢	$1,15	$1.32	$1.42	$1.56	$1.59
Average Loan-Farm Basis	53¢	64¢	65½¢	.98	1.14	1.23	1.35	1.38

If the Pace Amendment would be sanctioned, it would probably make the loan price in Chicago above $2 per bu, and this is entirely too inflationary in our opinion to be given serious consideration. So long as wages are maintained on a fairly good level, and so long as other factors in business bring about higher parity prices every month or two, we would consider it very dangerous to attempt anything at this time that would cause a very radical upward swing.

When our market opened this morning prices were somewhat higher. We believe this was for the reason just mentioned: namely, that practically all other cereals also had a slight increase in parity levels--rye figuring $1.26 per bu, oats 69.8¢, which was a small increase, although corn was unchanged at $1.12. The President's talk on labor and business did not have much influence, insofar as grains were concerned, and there was very little news otherwise except that the weather remains satisfactory for maturing of corn, and the prediction for the next few days is likewise favorable.

We were interested to note that despite the great progress made in weather forecasting during the war and the scientific research in meteorology, the Bureau still emphasizes that because of the hazards of forecasting weather five days ahead, it is stilllabeled merely an "outlook" and should not be confused with the more reliable grain belt forecast which is issued daily. There have been any number of people who apparently will claim their ability to prognosticate the weather far ahead. Our own weatherman here in Chicago never recognized it as being possible to forecast too far in advance, even though some of the methods may have been scientific. We mention this at length because even with the millions of dollars which the Weather Bureau and the Army have spent in trying to perfect instruments for determining changes further ahead, it is still extremely hazardous to do so.

The CCC purchases recently have been somewhat smaller, although in the Northwest they bought 150,000 bu oats yesterday, apparently for shipment out of Duluth, while 100,000 bu one hard winter wheat was acquired at Chicago to be exported via Baltimore. We doubt very much whether the program is progressing as rapidly as had been hoped for.

The weekly weather and crop report was mostly favorable, and while corn is improving in Illinois, it seems that the moisture content in Iowa is still too high for safe cribbing. The same is also true in other sections of the country. Some of today's early buying may have been based on anticipated increases in the flour subsidy. Possibly it is discounted from a trade point of view because of recent pit activity, but on the other hand it remains to be seen how many hedges are removed when the next flour bookings are put through.

Primary receipts of wheat were smaller, amounting to 1,417,000 bu compared with 1,224,000 bu last week, and 1,543,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 801,000 bu.

The Department of Agriculture estimated that farm incomes will be 15% smaller in the coming year, but this will still remain more than twice that of pre-war days. After early strength and a new high for December and May rye some reactions occurred. Little attention was paid to the great strength in the cash soybean market. Final wheat prices were 1/4 lower to 1/4¢ higher per bu.

There were about one dozen cars of new corn here today. Oats finally weakened and the carrying charge widened.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 1, 1945

It had been expected for some time that the November flour subsidy would be advanced. Most of the guesses ranged from 2 to 2 1/2¢ per bu, but when the actual announcement was made this morning, it exceeded all forecasts, and for the territory East of the Rockies the subsidy now amounts to 30¢ per bu, which is an increase of 3 1/2¢. For the Pacific Coast the subsidy is 33¢ per bu, or an advance of 5 1/2¢ over the October rate. Thus it was a foregone conclusion before our market opened that this would stimulate prices, and that very likely a fairly large volume of flour business would be put through. Even prior to the publication of this news mills reported an improved interest, and the chain bakers were inquiring for offerings, feeling quite confident that the change would be advantageous to them. Also, it is a fact that the unfilled orders are now the smallest in the last few months, and the chances are that there will not only be heavier bookings by the private trade, but even additional orders placed for government account. There was no evidence of any large quantities of hedges taken out of our market, but yet we could see some business reflected in the pit, and doubtless the same also took place at Kansas City and Minneapolis.

There was another factor which influenced our market: namely, a report from Washington that Representative Pace might push his bill for higher parity computation in view of the President's radio speech suggesting higher wages for labor. The House Agricultural Committee has apparently approved this resolution unanimously, but just when the formal report will come to a vote in the House, we cannot definitely tell at this time, although there seems to be some delay in getting it passed by the Rules Committee. The formula revision now suggested by the Pace Bill may boost many parity prices by approximately 31%, and farm parity for wheat, which is $1.55 under present calculations, would be raised to more than $2 per bu, which is highly inflationary. Likewise corn, which has a parity value of $1.12, would be advanced to $1.47, and we doubt very much whether the Senate will go along with anything so drastic, or even if it should, whether the President would approve it, and our market today rather indicated that others must have reasoned the same way.

CCC purchases yesterday included 50,000 bu #1 hard winter wheat at Chicago to be delivered for export via Baltimore, and there was also 25,000 bu #1 dark hard winter wheat for shipment via Duluth, together with 150,000 bu oats to be loaded in the Northwest for export. We understand, however, that the CCC shows a willingness to pay $1.80 for #1 hard wheat at Chicago if anything is offered. While there is a fair amount of free wheat available here, we have not heard of any large sales recently transacted. However, it does make our December future very uncertain, and there is still a large open interest of 12 1/2 million bu. Therefore, the outcome is unpredictable at this time.

Primary receipts of wheat amounted to 1,809,000 bu compared with 1,819,000 bu last week and 1,607,000 bu last year. Kansas City stocks so far this week show a decrease of 735,000 bu.

Markets were quite strong during the session. Oats in spite of profit-taking were in the lead a good part of the day and values were not far from the season's best levels. If anything there was a slight widening of the carrying charge between December and May. We have not heard of any oats being shipped here from the Northwest, although the Minneapolis market remains at a discount of about 5¢ under Chicago, which about pays the freight and charges. It is naturally assumed that there will be more flour business booked as the result of the higher flour subsidy, although we do believe that some of the wheat that was recently bought in the pit in anticipation of today's action may have been liquidated, and consequently our market was a little mor two-sided, although at the last there were gains of 7/8 to 1 3/4¢ per bu. It seems that every time the Pace Bill is mentioned, shorts in the new-crop months cover, and this occurred again today.

Rye reacted at times but yet the undertone was very firm and there appeared to be buying on all moderate setbacks.

UHLMANN GRAIN CO.

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CHICAGO, 4

MEMBERS:
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CHICAGO MERCANTILE EX.

November 2, 1945.

The Pace Bill was reported favorably out of Committee, althou nobody knows at this time just when it will come to a vote in the House, but for the time being it is going to be a market factor. Therefore, we are making further comment at this time, trying to show what it might do for next year's loan if it were finally enacted into law.

Farm parity for wheat is now $1.55 per bu. Assuming that the formula would be changed to include labor factors, it would mean an advance of 31%, or $2.03. A 90% loan on the farm would make the price $1.83, which in turn means a Chicago loan price of $2.04 per bu, assuming that the same relationship would be applied as has been customary for the past five or six years. In 1938 the first loan program was introduced, and it was with the idea of preventing undue hardship to farmers who might otherwise have to sell their grain, early in the season. At that time the loan price at Chicago was 77¢ per bu and was increased to 80¢ in 1939, and to 81¢ in 1940. From then on the advances were more rapid until gradually we had a loan price this year of $1.59, which was considered very high, but by comparison with Mr. Pace's proposal, which would make it $2.04 per bu, and contrasted with 77¢ which was the original loan, it is certainly a most inflationary step. Apparently it is not recognized that the added demand for farm products is likely a temporary condition and the current levels of farm prosperity are too abnormal to persist. As Dr. Davis of Stanford University points out, "We have focused our attention on prices of farm products, and tried to raise farm prices to levels politically declared fair, damning the economic consequences*** In peacetime, the most effective way of disposing of surpluses is to the price alone, stimulating flows into export and into multiple domestic uses. If price supports are included at all in a peacetime program, they should be at distinctly low levels designed to safeguard against real disaster." For the time being wheat stocks in North America are about the only ones readily available for European requirements, and although expectations are for a wheat crop of about 185 million bu in the Argentine, it will be several months yet before this grain is available. There are also fair quantities of old wheat on hand, but due to shipping difficulties a good many of the recent contracts have been cancelled both to the United Kingdom and to Brazil. A shortage of fuel, both coal and petroleum, has impeded the movement of grain from the interior to seaboard or river ports, and because of the lack of proper fuel and railway wagons Argentine officials have been suggesting that there be a reduction in the movement of ocean carriers ordered in the direction of Argentina. In spite of this condition, exports were a little larger last week, amounting to 1 3/4 million bu., of which 929,000 bu went to Europe and 816,000 bu to non-Europe. The exportable surplus at this time is said to be about 60 million bu, which, if everything else were normal, would allow 6.6 million bu a week until another crop was harvested. Since last August weekly shipments have averaged only 2 million bu. In Australia estimates are reduced due to another drought, although a crop from 135 to 140 million bu is expected. While normal usage in that country is only about 55 million bu, the chances are that larger quantities are now being domestically consumed.

Primary receipts of wheat amounted to 1,711,000 bu compared with 1,854,000 bu last week, and 1,846,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,255,000 bu. When the visible supply of wheat is posted Monday the shrinkage in our opinion will be greater than last year, when the decrease amounted to 1,658,000 bu.

Markets were a little hesitant at the start, but there was a very heavy volume of oats trading, and this cereal has attracted public interest. The result was a rather substantial advance, but more striking was the sharp upturn in rye with heavy local buying in the nearby month. The December future had been lagging of late, but renewed interest carried it to a higher premium over the deferred months, but all futures were very strong, and this finally had some effect upon wheat. The leading cereal, however, was somewhat neglected, final prices were unchanged to 3/8¢ per bu higher.

Trading in corn futures was not particularly heavy; the December corn is again back to the ceiling, and cash arrivals are insufficient for the demand.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 5, 1945

On several occasions the administration has expressed a willingness and desire to do away with subsidies by next summer, and in fact, they have already taken a step in that direction with respect to butter. The trouble is that it is much easier to put subsidies on than to take them off, and there are so many basic commodities that are now covered that if anything is done too suddenly, not only will markets be disrupted but there might be an upward surge from 10 to 35%, which would cause a terrific clamor on part of the public. Dr. Backman, Economist for the Citizens' National Committee, has gone into this matter very thoroughly, and he explained that if prices were permitted to rise in exact proportion to the abandonment, wheat to the miller would jump about 20%; retail butter and butter-fat prices would go up one-third; milk about 10%, and beef 25%. "Such advances," he says, "could have serious impacts upon the affected trades."

We have called attention to this on many occasions in these letters, and we knew when the subsidy program was started that there would be greater difficulties in terminating it. Apparently this is becoming more obvious, as the expenditure for subsidies has grown and the consumer-public became accustomed to getting its product at a reasonable price, while the producer was still benefiting from high rates. It becomes all the more difficult if we are going to continue 90% parity loans to farmers in the two years following the declaration of the war's end, but conversely, a drop in price levels would simplify the matter for the government. The chances are that subsidies instead of being eliminated all at once will have to be reduced gradually, or at stated intervals, with corresponding reductions in the subsidy payment. Likewise, we believe that while there is a demand for abolishing OPA, (and that this question will come up for a vote next summer) it likewise may have to be extended for the reason that until we produce articles in greater volume, there are certain trades still influenced by advancing prices. We refer particularly to building costs, which in turn would result in higher rents unless some government action would prevent this, such as OPA.

This is all of interest to the grain trade for the reason that there have been a number of discussions lately with respect to grain ceilings coming to an end for the next crop if OPA were discontinued. Unquestionably distant deliveries of all grains were purchased on the possibility of such a step being taken. Up to now July rye has been more or less neglected in comparison with the nearer months due to the fact that when anything gets close to a ceiling, it loses its speculative attraction. By the same token, there has not been much buying of December and May wheat for the reason that these two futures were within a few cents of the maximum permissible limit. There has, however, been some private export business passing during the past week or two, whether the destinations are Holland, the Netherlands, or both, does not matter much, but together with the large loadings planned by CCC, UNRRA, and other governmental agencies, we have no doubt that our clearances will be considerably stepped up in the months ahead. No doubt some grains will be furnished by Southern Hemisphere countries, but Argentine exports are hindered by freight difficulties, while Australia will have little to ship until the next crop is gathered, although we have heard recently that offerings for future delivery have already been made. Widespread rains in Australia were received last week, and even the dry sections in the South are now doing well. The new crop may reach 150 million bu. This still leaves the North American Continent the chief supplier and is probably the reason for ceiling prices in most cash markets while foreign demand is being satisfied.

Primary receipts of 1,891,000 bu were a little larger than last week and about the same as last year. When the visible supply of wheat was posted it showed a large decrease amounting to 4,339,000 bu. This is to be expected with the heavy export business. Total stocks amount to 126 million bu, which is 31 3/4 million bu less than was on hand last year. Chicago stocks are slightly under 4 million bu.

All markets were firm, although at times there was heavy profit-taking in rye but the selling was pretty well absorbed. There is no pressure in wheat; in fact, some hedges are being taken out of the market against flour sales, and export business. Speculative buying continued in new-crop futures. Final prices were 3/8 to 7/8¢ per bu higher. The corn visible showed a slight decrease. There are no important stocks anywhere. It is still difficult to buy anything in the country, and this accounts for the general firmness in futures.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 6, 1945

All indications point to a gradual return of the wheat export trade to private hands. The first steps have already been taken, and we believe that a fair amount of business has been put through to Belgium and the Netherlands, but during the month of December, Norway, Brazil, Portugal, and Spain will also be privately handled. As far as we can tell the CCC purchases of grain for export will be maintained only where certain credits are necessary, or where other difficulties arise. According to a report from Washington, Metropolitan Frznce's, French North African, and Italian needs, together with those of UNRRA and the military services, will still be handled by the government, but in any case much of the trade will be restored to those interests which have made a lifetime study of foreign affairs. In our opinion, this does not necessarily mean that the total quantities will be larger than were originally estimated, but there should be greater efficiency, and the various ports of the country will be used in order to prevent congestion, insofar as it is possible. Furthermore, the trade can quietly pick up the requirements for European needs without so much advertising which always surrounds Government business. Thus we are very pleased over these developments.

There was some buying of futures when our market opened this morning, and rye again came in for its share, being favored by a good many people who are impressed with the statistical position. Domestically, there is a very close adjustment, and the disappearance of rye during the first quarter of the season totaled 18 million bu compared with 21 million bu last year, and 23 million bu two years ago.Of greater importance, however, is the fact that our rye stocks are no longer burdensome, and on October 1st, they totaled only slightly more than 22 million bu, which compares with 35 million bu in 1944 and 54 1/2 million bu in 1943. We are also told that other rye exporting nations have comparatively small reserves, and there is little chance that the Argentine, even if it had ships and fuel could send much to European destinations. As a matter of fact, the world rye crop this season is about 8% smaller than the preceding year. How much of this is already discounted in the price is difficult to say, but in any case it gives those who are playing the constructive side of the market great confidence, and again today new highs on the crop were established.

There is nothing further on the progress of the Pace Bill. The Bureau of Agricultural Economics estimates that if this amendment were passed, wheat parity would be increased from the September 15th rate of $1.54 per bu to $2.02; corn from $1.12 to $1.47; cotton from 21.5¢ to 28.4¢; hogs $12.60 to $16.60, and everything else in proportion, which is certainly inflationary. At a time when the government is trying to rid itself of subsidies, it certainly would make the problem all the greater if such a law were invoked. The subsidy termination for farm products is planned on a timetable basis, but considering that we are spending $1,800 million, it shows that even without any further step-up, the consuming public will have to shoulder much higher costs when the government no longer stands between producers and consumers to cushion the burden.

Sentiment in oats continues very bullish for the reason that so little corn is moving from the farms. There is no shortage yet of cash supplies. On October 1st, total stocks in all positions were 1,419 million bu, an increase of 400 million bu over a year ago.

Primary receipts were a little better, and amounted to 2,603,000 bu compared with 2,669,000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 287,000 bu.

Markets continued their strength throughout the session, with July rye at the ceiling and old-crop months up the limit today. This attracted further buying in oats. Wheat strength is based on the fact that the private export trade is taking over in part from the CCC, which brings new buying. The wheat market closed from 1 to 1/4¢ per bu higher, with the December closing 180 1/4, or 1/4¢ from the futures' ceiling.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 7, 1945.

Not much has been heard lately on the progress of the Pace Bill, although hearings before the Senate Agricultural Committee on a companion bill will soon be held. It is to be hoped that not only will labor questions be discussed, but also the greater efficiency on part of farmers, particularly with respect to better seed and improved farming machinery. For example, in the last five years the use of tractors on farms has increased more than 30%; corn pickers 50%; grain combines nearly 75%, while the use of milking machines has more than doubled. In other words, the pre-war increase will do much for agriculture, and this was never considered when the first parity concept was undertaken.

When our market opened this morning, it was influenced by the carryover feeling from yesterday, which, of course, was very bullish. All corn futures had gone to the ceiling and were bid there. The oat market had shown a very substantial advance, while the nearby futures of rye were up the full permissible limit of 5¢ per bu; the new-crop future, July, also went to the maximum price permitted and was bid there. Nobody can tell for sure what the final action of OPA will be with respect to the new-crop rye futures. When the Board of Trade took its action some months back, it was in conformity with an announcement from Washington that under the Emergency Price Control Act of 1942, the Price Administrator gave notice to growers of the maximum price he proposed to establish for rye grain of the 1946 crop. The price for number two rye at Chicago was mentioned at $1.42 per bu, and according to the above wording, there is still some chance of a change although in most cases we believe that the OPA proposals made early finally found fulfillment, and thus we are not too optimistic that a higher limit will be permitted , although it is possible.

In the meantime, attention is drawn to the ever-increasing demands from Europe, and it is becoming more apparent daily that crops abroad have turned out smaller than earlier estimated, probably the reason for this being the shortage of fertilizers. Loss of the imported phosphates and nitrates has been keenly felt, and with more taken out of the soil during the war years than was put back, the land has gradually lost its power to produce normal yields. Broomhall, like other authorities, has reason to feel that it will take much more than one season for the soil to recover its normal richness. Before the war many Continental countries were dependent on German nitrates, a product of the same factories which manufactured German munitions, and the future of which is in considerable doubt. In trying to figure out the import requirements, he makes the following estimates:

	Needs 1945/46		
United Kingdom and Eire............	200	million	bu
France and French Colonies.........	120	"	"
Spain..............................	60	"	"
Portugal...........................	20	"	"
Belgium............................	40	"	"
Holland............................	36	"	"
Norway.............................	8	"	"
Finland............................	4	"	"
Greece.............................	18	"	"
Germany............................	56	"	"
Switzerland........................	16	"	"
Italy..............................	72	"	"
Other Countries....................	28	"	"
Total..............	678	"	"

Whether in these calculations the amount for other countries includes the Orient and is sufficient for those purposes cannot be stated at this time. However, on the assumption that Canada will furnish 325 million bu, and our country 300 million bu, it will not leave very much needed from Southern Hemisphere to make up the balance. We also believe that the figures just mentioned for the North American Continent are about as large as can be shipped, owing to the difficulties of transport to the seaboard, although with the larger volume to be loaded by the private trade, it is likely that greater progress is about to be made.

Our market started very strong. Oats and rye futures established new highs for the crop while May and July wheat also broke previous records. However, there were reactions when liquidating sales set in and rye led the decline, breaking as much as 3¢ per bu from the top. Wheat held rather firm and while there is a rather heavy movement from the country in the Northwest, buyers seem eager to get the grain apparently to satisfy export commitments. Final wheat prices were 1/8 to 7/8¢ per bu lower.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 8, 1945

There can be no doubt that European grain requirements will be about as much as traffic will bear. Likewise the bulk of supplies are available for export from North America. The Department of Agriculture still figures that wheat shipments from the U. S. will range 300 to 325 million bu, and about the same from Canada. They admit that under favorable transportation conditions somewhat larger exports might be possible from this country. In view of the fact that impoundings up to date have been so small, and were only 21 million bu up to October 13th, it is quite obvious that there is still a large quantity left back on farms, and unless this goes under loan between now and December 31st, we might see much larger marketings after the turn of the year when income tax considerations are less of a factor. It is still claimed that under current estimates of disappearance, the carryover next July will be about 300 million bu. Of course, this is on the assumption that home usage will be cut to 816 million bu, and that net exports will be about 315 million bu, both of which seem to be in line under present conditions. As we scan the figures from 1909 to 1941, we see a gradual increase in domestic disappearance during which period, of course, our population grew. At the outbreak of the war, we were consuming about 668 million bu wheat annually at home, but in 1942, this increased to 951 million bu, and in 1943, it was stepped up to 1,215 million bu, and by 1944, with some reductions, we still consumed 1,017 million bu. During the war years, the extra quantities were needed for feed, for alcohol, and for other unusual uses, but apparently some of these needs are diminishing, and thus we feel that the Bureau of Agricultural Economics is probably correct by indicating a reduction to 816 million bu for the current year.

The one thing in our agriculture which has surprised the world in recent years is the advance in scientific research. Hybrid seed has become a kind of magic term to many farmers, because they have seen what hybrid corn has done to yields. Its superiority in drought years, its sturdy stocks, and other advantages have been responsible for the 3 billion-bushel crops that we have harvested during the past three years. We are now getting somewhat similar developments in oats, and the Iowa State College refers to the variety known as "Clinton," which is not a hybrid but is a new variety that comes from hybrid origin. According to the experts, it promises to turn the poor oats years into good ones, and will probably be grown by a few farmers in every county of Iowa in 1946. It has the stiffest straw and weighs out better than any other variety tested in Iowa. There are some difficulties because when farmers want to cross two varieties of oats, the tiny flower must be opened and the polination made by hand, which is a very tedious, slow process. However, it has rather consistently outyielded all other named varieties with which it has been compared.

Primary receipts of wheat were a little smaller, amounting to 1,591,000 bu compared with 1,809,000 bu last week and 2,262,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 910,000 bu.

Markets were quiet during the first hour of trade. Rye was firm, oats were a little reactionary, but it seems that there is just no rye offered on the market even on the advances, except as longs take profit, and on several occasions we noticed that just moderate-sized buying orders advanced the price very materially. During the course of the day rye futures went to a new high for the season. The same was true with respect to oats, and while wheat advanced, the gains were modest owing to the fact that the leading cereal is really so close to ceiling levels. It is quite apparent that rye, which is relatively unimportant from point of view of quantity raised, is having a great effect upon other cereals, and whenever strength was pronounced it influenced the balance of the list, with the result that the close was very strong. Wheat prices showed advances of 1/8 to 7/8¢ per bu.

Corn, while selling at the ceiling, did nevertheless offer opportunities on one or two occasions for shorts to cover at maximum limits, but we presume that the volume of business was extremely small; in fact, almost negligible.

UHLMANN GRAIN CO.

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MEMBERS:
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

November 9, 1945

It was announced from Washington that subsidies would gradually be discontinued, so that by next June 30th all federal payments of this nature would come to an end. This will save the government close to $2 billion, but by the same token will add that expense to the consumer-public, except as is suggested that price recessions might be an offset. Mr. Snyder, the Reconversion Director, renewed his plea to Congress to extend rationing and priorities for another year. The one issue, however, which has not yet been settled relates to the possible extension of OPA, which would also have to be voted by Congress unless that program is to be terminated by June 30th. Those who are bullish on grain, and particularly new-crop futures, point to the fact that the export demand for wheat is limited now only by our ability to deliver it to seaboard positions. Thus if Europe continues to have a shortage of foodstuffs for another year, without price controls in our country, there might legitimately be reason to expect higher prices. This no doubt has been responsible for the recent buying of July and September wheat, but on the other hand if nothing is done with respect to changing the parity computation, and if the OPA is still with us, we rather figure that there is some risk in becoming too enthusiastic at present levels.

Wheat parity at the present time is $1.55 per bu on the farm. A loan of 90% would be $1.39 1/2 to producers, which in turn would make the Chicago loan level $1.60 1/2 compared to $1.59 at present. Of course, parity might easily advance between now and June without any change in the formula, but assuming that it would not be too radical, one can easily understand that with new-crop futures selling at about $1.76 per bu, there would be every incentive on part of farmers to market their grain next season instead of impounding it. At the same time it has been pointed out by the Bureau of Agricultural Economics that the demand for farm products is likely to be maintained at a high level through 1946 because of a high level of civilian purchasing power, and also, because of a large volume of farm products for relief and export. They also say that if taxes are reduced, (the President signed the tax bill) this will leave a larger proportion of current incomes at the disposal of consumers. Likewise consumers may reduce current savings and use some of their accumulated money to purchase goods and services, so that the actual current expenditures may be less affected by any curtailment in national income.

Late yesterday it was announced that permission had been granted to Britain for the purchase of about 4 million bu wheat in this country during November and a like amount during December. It is still a question, however, with wheat at ceilings in practically all markets, whether it will be easy to fulfill all requirements from abroad, and thus the demand while great may be limited by country offerings and by ability to get transportation.

The first cold wave of the season was reported as far South as the Texas Panhandle, and below zero temperatures occurred in Montana, the coldest spot of the nation, but we have not heard of any complaints from the winter wheat belt, and the outlook for the next four or five days is for near normal temperatures in most areas.

Statistics do not count for much. For example, with an estimated crop in the Argentine of about 185 million bu, together with the reserve, it would leave available for export and carryover to July 1946 about 168 million bu. This should be a fair quantity for export except that there is a serious internal shipping problem, and shipments this past week fell to the low figure of 600,000 bu, the bulk of it going to non-European countries.

Buying in our market was very aggressive. December wheat went to the limit, and at one time May wheat was nearly at the maximum figure, although reacted somewhat on profit-taking. December rye continued its ascendency and during the session sold as much as 2¢ per bu higher than December wheat, although it, too, was influenced by profit-taking sales, but still closed considerably higher than yesterday.

Oats were strong, particularly the December future. It seems that some of the hedgers are covering their positions in the nearby month and going into the more distant deliveries. However, the undertone was very strong, and in spite of some selling, there was a good advance.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 13, 1945

While we were observing Armistice Day, the Winnipeg market was open, but the only activity up there was in rye, since other grains are not trading at the moment. However, there was a 5¢ per bu advance, the full permissible limit for one day's trading, and it was a foregone conclusion that this would influence us when we opened this morning. Before much time elapsed our rye futures here advanced 5¢, and there was an early run-up in Canada, despite the fact that the Grain Council at Winnipeg passed a resolution yesterday that on all new trades except hedging transactions, the minimum margin requirement would be 75¢ per bu. It seems that the rye stocks on the North American Continent are so small that there are no accumulations taking place anywhere, and thus this cereal is in a class by itself. The old crop wheat futures also sold at the ceiling of $1.80 1/2, although at times some trades in May were possible, but we believe the volume was not particularly large except possibly on spreading transactions.

The European wheat harvest which used to approach 1,630 million bu is very much smaller this year, and while accurate estimates are not now available, it is figured that total supplies are about 1,100 million bu, which is the smallest crop since the early 1920's. We have mentioned the causes in these letters on earlier occasions, such as excessive rain and cold, which hampered fall and winter sowing a year ago; also, there were drought conditions last spring throughout the Mediterranean area, and in some cases this continued through the growing season. Thus it is not surprising that after six years of war, and with all the major dislocations, not only to agriculture but to manpower, and the extensive social changes, including land reforms, population transfers, and heavy losses of livestock, the buying should keep up on such a tremendous scale. The first official figures that we have of our own exports covering the period from July 1st through October 31st show that 81 million bu wheat had been cleared, but this does not include flour. In spite of it all, we doubt whether the total shipments for the year will be much in excess of 325 million bu, for the reason that there continues to be a great scarcity of transportation, and furthermore, farmers are not selling heavily; in fact, right now it is very difficult to buy much wheat in the Southwest, even though the government is not supporting markets in those territories.

Another great uncertainty at this time is the question of parity formula for next year. We are unable to tell from Mr. Anderson's remarks whether he favors a possible compromise to the Pace Bill and the Thomas suggestion for the inclusion of labor, although he ably made the following statement before a group of cotton men in Memphis, Tennessee:

"It might seem that the easiest way to increase the income of producers of a certain commodity is to raise the parity prices either by seeking a more favorable base period, or by figuring parity in such a way that it raises the price. But that sort of action can bring only short-range benefits, if it results in a price that is out of line with reality."

Primary receipts of wheat amounted to 2,410,000 bu compared with 2,603,000 bu last week and only 1,385,000 bu last year. When the visible supply of wheat was posted it showed a decrease of 5,814,000 bu, which leaves the total in all positions 120 million bu, which is 36 million bu smaller than a year ago. Chicago stocks decreased 241,000 bu, leaving somewhat over 3 1/2 million bu here.

Early in the day everything was extremely strong. So long as the rye remained at the limits, it had a bullish influence on oats but after midsession when it was announced that after today, fluctuations in Canadian rye would be limited to 1¢ up and 1¢ down, there was considerable liquidation. Their market broke sharply, and this finally had a sympathetic effect upon rye futures here. This in turn caused general liquidation in oats and a fair amount of selling in new-crop futures of wheat. On the assumption that a compromise parity formula may be invoked, new-crop futures appear to be selling very high, and in the event that nothing is done we would regard this level of prices as being too high in view of a 90% loan. Of course, nobody can tell what next year's export demand will be, particularly if Europe should get better crops.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 14, 1945

News came from Washington that hearings on the Thomas Amendment were completed for the time being, and the Senator explained that other pressing legislation would postpone further considerations on the inclusion of farm labor until some time in January. However, it was intimated that unless some of the large farm groups pressed for passage of the Bill it might become a dead issue. We presume from what we have heard that the same refers to the Pace measure, which is very much the same type of legislation, except that a different base period had been used. Some days ago, when the Senate Agricultural Committee met to consider all the points involved, the legislative secretary of one important farm group had this to say:

"1. That the mere raising of prices for agricultural commodities will not settle the farm problem.

"2. The measure is inflationary since it is anticipated that eight million persons will be unemployed this Spring and farm prices should not be raised during a period of declining purchasing power.

"3. The Bill is a snare and delusion, since over a long period it is by no means certain that the inclusion of labor costs in the parity formula will increase farm prices. As a matter of fact, the inclusion of labor costs would not have made much difference in the parity price of agricultural commodities over the last thirty years and would actually have decreased the parity during the 1930's.

"4. Due to anticipated mechanization during the next ten years of many farms, particularly the farms raising cotton, the inclusion of labor costs will decrease rather than raise parity prices."

This news plus higher margins for rye had a somewhat bearish influence this morning, and first prices were sharply lower for December rye; and in fact, the September delivery representing new crop quickly receded as much as 2 1/2¢ per bu. There were also reactions in the new-crop futures of wheat, with the result that even May wheat was finally influenced, and having been at the ceiling for several days, it showed some signs of weakness, at least to the extent that hedgers were able to cover their commitments below the maximum level. There was undoubtedly a fairly good flour business overnight, and we understand that the Army bought 500,000 cwts of hard wheat flour, with some talk that export flour orders might also develop shortly. The demand from Europe continues unabated, hindered only by the inability to get grain to the seaboard. We understand that some of the demand from Britain for relief supplies is being satisfied by American purchases rather than by cheaper Canadian offerings, because of an agreement that supplies for the British zone in Germany should be handled in that manner. Theoretically, these supplies will be offset against German coal deliveries from the British to the U. S. zone, although coal from the Ruhr Valley obviously cannot anywhere near approach the demand.

Primary receipts of wheat amounted to 2,436,000 bu compared with 1,237,000 bu last week and 1,808,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 667,000 bu.

Volume of trade was on a much smaller scale today. First of all, a ruling by the Directors of the Exchange setting minimum margins on rye at 35¢ per bu brought the trade's attention to the fact that at present levels there are certain danger signs, although many houses had been calling this amount of margin prior to this time. The Clearing House also increased the oat margins to 6¢ per bu, which will affect hedgers and also spreaders between here and outside markets. The latter had very little influence, and it seems that after yesterday's liquidation, there was a little better sentiment and prices closed somewhat higher. On several occasions rye tried to recover but buying power was not particularly broad, and finally further liquidating orders came into the pit, and thus we had a rather weak close. At Winnipeg, where they have a limit of only 1¢ per bu, the market declined by that amount. September wheat was the weakest future in our market and closed 1¢ per bu lower, but there was also some selling in July and a little more activity in May, with cash interests on both sides of the market.

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CHICAGO MERCANTILE EX.

November 15, 1945

After our market closed yesterday, a Canadian crop report was issued, and they reduced the wheat yield from 321 million to 308 million bu for all of Canada, a cut of about 13 million bu. Ordinarily, this would not be considered so important, but in view of the fact that this is already a small crop and compares with 435 million bu last year, it must be more of a factor than ordinarily. The Dominion Bureau of Statistics also cut the yield of oats by 10 million bu and barley by 5 million bu, so that considering the tremendous demands for foods and feeds from Europe, this might have had a more bullish effect except that our price levels are already very high. There was likewise a reduction in the estimate of rye with production just under 6 million bu, and considering that the carryover amounted to only 2 million bu, total supplies at the beginning of the season were just under 8 million bu vs. 14 million bu last year.

As a partial offset, there is a little more two-sided sentiment in our market for the reason that we have had very sharp advances now for several weeks, and it seems that both the SEC and the CEA are anxious to prevent undue speculation in stocks and in grains if possible. All traders having an open interest in rye, either long or short, of more than 50,000 bu are to be reported to the Business Conduct Committee of our Exchange, and this may have had some effect because higher prices in rye today were quickly met by liquidating sales. Thus we had further reactions following yesterday's break.

There can be no doubt that the European demand for wheat will take care of any surpluses on the North American Continent, and this is especially true since Southern Hemisphere will be less of a factor than in normal times. Argentine wheat and flour exports were again small for the week, amounting to only 812,000 bu. Of this quantity 577,000 bu was for non-Europe, possibly Brazil and other Latin American countries, which meant that only 235,000 bu, or one cargo went to Europe. There seems to be ample grain but most new exports have been discontinued owing to difficulties of transportation. In the meantime, we learn that the Italian government, backed by the Allied Commission, has appealed for an additional 4 1/2 million bu wheat for November, and indicated that even more would be necessary for December, though the present-time schedule calls for monthly shipments of 3 3/4 million bu. The Italian wheat crop is reported to be the poorest in twenty-two years. With one European country after the other making greater demands upon surplus nations, there can be little slack in the movement through international channels, except as we have reported so often before that at times business will be hindered due to inability to get sufficient cars for hauling grain to the seaboard.

When our market opened this morning, wheat prices were influenced by a better milling demand, and this was evidenced by reports from both Northwest and Southwest. Early covering of hedges gave us firmness, although later on the weakness in surrounding pits brought in some speculative liquidation.

Primary receipts of wheat were smaller, amounting to only 1,587,000 bu compared with 1,591,000 bu last week and 1,332,000 bu last year. It is getting much more difficult to buy cash wheat in the Southwest and were it not for this factor, there might be heavier sales for export, but it seems to be not only transportation, but also a holding tendency on part of producers. Nevertheless, May wheat finally reacted and sold at $1.79 3/4, which is the lowest price since the ceiling was reached a few days ago. Minneapolis stocks so far this week show a decrease of 350,000 bu.

Trade was rather moderate but there was some liquidation in all pits, in spite of inflationary talk, due to the fact that gold stocks went into new high ground on this turn. Final wheat prices showed declines for the active months of 1/2 to 1 1/4¢ a bu, but the December delivery still remained frozen.

At times there was fair support of both rye and oats, but the market seemed to be more two-sided, and liquidation finally caused fair recessions, but still prices for most grains are higher than a week ago at this time, but recent sharp breaks have dulled some of the enthusiasm which heretofore existed.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 16, 1945

Sudden opposition to the Pace Bill by Congressman Hope of Kansas came as a surprise in yesterday's session, and it now looks very much as though this matter might be a dead issue, at least for the present. Three agricultural economists, writing under the auspices of the U. S. Department of Agriculture, have given some rather enlightening data as to the labor situation with respect to wheat production, and also have shown the tremendous increase of farm machinery since 1909, which is the beginning of the period used as the base for parity calculations. The following table indicates more clearly than an expression on our part how much less labor is needed on present-day farms, although we call attention to the fact that this data is compiled only up to 1936, and probably since that time further strides have been made:

	Hours of Labor per Acre		Percentage of farms using combines		Percentage of farms using tractors	
	1909	1936	1909	1936	1909	1936
Western Hard Winter Wheat	6.1	2.2	0	90%	0	94%
Eastern Hard Winter Wheat	8.1	3.6	0	80%	0	75%
Western Hard Spring Wheat	---	4.6	---	71%	---	97%
Eastern Hard Spring Wheat	6.4	4.9	0	6%	0	81%
Pacific Northwest	7.2	3.4	24%	95%	0	74%

These authorities also state that wheat farming has been almost completely mechanized since World War I and that the tractors and the combines revolutionized wheat farming, making possible phenomenal reductions in the amount of labor required per acre of wheat. They also state, "Primarily as a result of changes since 1910 in size of farm and of mechanization, wheat farms today produce more wheat per farm; have a greater investment in land and buildings; have less investment in work stock and more in machinery. They also return more to farm operators for their labor, management, and investment than did farms in the period before World War I."

When our market opened this morning prices were somewhat lower. The carryover feeling from yesterday was a little bit bearish, and since much of the recent advance has been based on the possibility of a higher parity computation, there may also have been some selling due to the fact that Representative Hope made such a forceful statement against the Bill by saying that it would be the worst thing that could happen to the farmer. In his opinion, we should try to hold what we have gained during the war, and should work out some reasonable basis on which we can keep agriculture as far as possible at price levels that it now enjoys. One of the leading commercial papers here carried an item that the Directors of the Exchange would meet this afternoon to further discuss rye market conditions, after having increased margins recently to 35¢ per bu on all accounts other than hedging. This may have caused further recessions in the price of rye, although there was no heavy liquidation, and it seems that the comparatively small visible is still regarded as a bullish factor, particularly since there is not much free grain anywhere, nor has the recent advance attracted supplies to Chicago. We still do not see much chance of heavy deliveries on December contracts, and cash rye continues to bring a good premium over the future.

Primary receipts of wheat amounted to 1,617,000 bu compared with 1,794,000 bu last week and only 1,060,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 508,000 bu. We expect a fairly large shrinkage in the visible supply on Monday, and it will compare with a decrease last year of 4,353,000 bu.

At times our markets were quite weak but apparently some of the urgent liquidation had run its course, and rye showed a very good recovery, with final prices considerably higher. Oats, also weak at the start, strengthened late in the day and we believe that deliveries on December contract will be light. This same pattern even held for wheat but at times May wheat was extremely difficult to trade in. After breaking to $1.79 on local selling, small orders forced quick recoveries, but volume of trade was extremely light. The deferred months were likewise firm, despite the fact that there is no urgency now for higher parity legislation.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 19, 1945.

Before the war we never had toworry a great deal about the quantity of wheat that would go into consumption for the reason that it was a fairly stable figure, and contrasted with the variability of production we find that in most years the domestic disappearance varied less than 40 million bu above or below the average. The changes when they occurred were not in the amount milled for human consumption but rather the quantity of wheat fed to livestock. Since the war, there has been a definite increase in both items, and the government now figures about 540 million bu to be milled for food, owing to the fact that soldiers eat more than when they were in less active occupations. Likewise some increase came about due to the fact that we were in a prosperous era. The Department of Agriculture forecasts, however, that in the period ahead with the possibility of shortening the work-week, and having more leisure time, a reduced consumption of the high-energy foods is likely. On the other hand, the per capita consumption of wheat has been declining for a good many years, and we feel that it is almost at rock bottom. Then, too, with an increase in population, there is bound to be a gradual increase in the quantity domestically used, as has been the case ever since records have been kept. For example, the five-year period, 1910-14, domestic usage for all purposes, including feed, seed, etc., was 575 million bu, but for the period just prior to hostilities we had increased our consumption to 685 million bu. This gain of 19% in the twenty-five-year period was, however, less than the increase in population. The chief item at present, as we see it, is the extra usage for alcohol and for feeding, and even this is difficult to determine at the present time, until we know whether we shall have a fair movement of corn or whether it will remain extremely small, as at present.

When our market opened this morning, the carryover feeling from Saturday was somewhat bullish. Rye futures had risen to the day's permissible limit of 5¢ with the utmost of ease. Apparently fair quantitites were left to buy but these orders had been unsatisfied. Therefore, it was not surprising to see further strength, although as covering of short commitments took place, there was apparently enough realizing so that for a time prices receded below the previous closing level. There seems to be a minimum amount of speculation in wheat as compared to other cereals, and while it is expected that the government will come into the market for heavier flour purchases, and while it is likely that the export demand will keep up, there is so little left on the constructive side of the market, with December and May wheat at or near ceiling quotations. The trade seems to be going largely into other pits. From what we gather, there was a further business in Northwest oats to be shipped to this market. We did not hear the exact quantities but understand it is on a delivery basis, so that unless commercial demand improves, there may be some tenders on December contract. Nevertheless, oats were not very weak, and there is no great amount of pressure. Considering the size of the crop, the movement from Illinois and Indiana has not been burdensome, and apparently a good many feeders are using oats much more extensively than was formerly the case. The use of oats in protein feeds has become much more scientific and in recent years a smaller percentage of the crop has moved to terminal markets.

Primary receipts of wheat were quite moderate and amounted to 1,349,000 bu. There was a holiday last week. Last year, they amounted to 1,403,000 bu. When the visible supply of wheat was posted there was a decrease of nearly 4 1/2 million bu or much the same as last year. The total stocks in all positions are 115 3/4 million bu or 36 1/4 million bu less than the same period of 1944. Chicago wheat stocks decreased 170,000 bu, still leaving 3 1/2 million bu here. After weakness and liquidation early in the session, prices firmed in all pits. Oats recovered all of their losses and rye influenced by the great strength at Minneapolis advanced to the 5¢ permissible upturn establishing a season's new high for the December future. The deferred deliveries of wheat were inclined to be somewhat indifferent. A leading elevator concern was the buyer of May, but this had very little influence on the new crop months and it seems that without any particular push for higher parity at this time time that July and September wheat do not have quite the same appeal.

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CHICAGO MERCANTILE EX.

November 20, 1945

The question of food is still uppermost in the minds of most people throughout the world. Possibly this is less true in the United States, where a good many articles have been taken off the ration list, but it is rather difficult to sit here at home and visualize what is actually taking place on the European Continent. Just a few weeks back, there was a debate in the British House of Parliament on conditions in Europe, and it was stated that, "There was a possibility that millions of men, women, and children in Europe might die of starvation and cold during the coming winter, with the result that the diseases of economic and social chaos might spread over Europe." In order to alleviate human suffering all suitable wheat must be used abroad for milling, and a certain percentage of coarse grain also admixed in flour, and if this is done Broomhall is of the opinion that most Continental countries with the help of imported wheat may increase their present bread rations. This is almost necessary in view of the fact that there is a shortage of meats and dairy products. Great Britain has already reduced its own stocks of food to a bare minimum, but English papers continue to point out that while Europe is undergoing such great hardships, corn is being burnt for fuel in the Argentine and that wheat is still being fed to animals in the United States. All this points to continued heavy shipments of grain for the balance of the season, but as we have stated so frequently, the business will be limited by the ability to get rail transportation to the seaboard.

The same is more or less true of Canada, but owing to the fact that her wheat crop is small in comparison with other years, there is still need for shipments from Southern Hemisphere, and undoubtedly this will become a factor within the coming months, despite some handicaps which are involved. It is said that the German flour milling capacity has been from 55 to 60% destroyed during the war; therefore, it will not be wheat alone that will function in the relief program, but continued flour shipments as well. Sanford Evans figures that total Canadian exports of wheat and flour since August 1st amount to approximately 138 1/2 million bu. This includes about 18 million bu that was destined for the United States, and will either be consumed here or milled in bond. On basis that Canadian home consumption will amount to about 160 million bu, we estimate that there is still available for export and next carryover about 268 million bu. Thus the reserve stock by the end of the season will be cut down materially, but again we point out that with the war over there is no longer necessity for carrying so much grain from one crop to the next. Having had a rather poor experience last summer, it is reasonable to expect that the next crop will be nearer an average one.

When our market opened this morning first prices were higher for rye, and it seems that every time the ceiling has been reached during the previous session, a number of shorts become disturbed and try to cover their commitments as soon as there is greater latitude. It is also a fact that the wide fluctuations in this cereal have had more than the usual bearing upon prices in other pits. It might be somewhat different if we had a normal movement of corn, but it seems that even on days when the local receipts are large, practically everything applies on previous contracts, and there is still no opportunity for industries to get all that they desire. Therefore, sentiment favors the constructive side of the market, and there seems to be no pressure from any source, with the result that minor dips find new buyers eagerly waiting to make purchases.

Primary receipts of wheat amounted to 2,088,000 bu compared with 2,410,000 bu last week and 1,991,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 317,000 bu.

Rye was again the main feature of our market. At one time values advanced nearly to the 5¢ permissible limit in sympathy with the great strength at Winnipeg, but a selling wave caused a rather sharp reaction after mid-session. It seems that a good many shorts have covered, but yet with an open interest of 23 1/2 million bu, and not so many hedges in the market, it looks to us as though it would be very difficult to entirely eliminate shorts except by a drastic reduction in existing contracts.

In wheat, the May delivery went to the ceiling, and was bid there for a time and closed there. This brought buying into the deferred months, and the close was reasonably strong, although there were reactions from the best figures of the day.

Oats were independently weak, and never heeded very much the strength in the surrounding pits, possibly the fact that some oats are being shipped from the Northwest is acting as a restraining influence.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
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CHICAGO, 4 November 21, 1945.

After the close of the market yesterday sentiment was not quite so bullish, possibly for the reason that rye prices had declined sharply in the last hour of trade. Various questions were asked as to what might have been the reason for the sudden weakness, and there was no one item directly attributable to this, although we have noted that several cargoes of Canadian rye have been headed for Chicago, and while it is not likely that this grain will be delivered on contract, nevertheless it fills certain holes and thus has almost the same effect. For several days now cash rye has been weakening relative to the future, and there is not much premium any more except for particularly good grades and where distillers or others are extremely anxious to acquire certain types. We would say that the ordinary rye has gone from a big premium over December to possibly 2 or 3¢ over that future, and unless there is a spirited demand we could easily foresee a situation where deliveries might be made. It was also said that some rye from Omaha was headed in this direction, and there seems to be some oats from the Northwest coming to Chicago, all of which is a restraining influence on bullish enthusiasm. This morning word came from Washington that the distillers would be restricted in the quantities of rye that they may use, and while there was no limitation placed on the allotment for corn, only one-fourth of the average monthly quantities of rye used by each plant during September and October may be ground during December. This was not terribly bearish for the reason that distillers have probably not been using so much rye in recent months, but on the other hand it must have come as a shock to some longs --possibly eleventh-hour bulls, who were not prepared for this sudden change. In any event early prices were as much as 3¢ per bu lower but we note that the market is easily influenced now by relatively unimportant orders, and sometimes the fluctuations, both up and down, are as much as 1/2¢ apart when sudden changes take place.

It is not likely that anything will be done on the Pace Bill before the December adjournment of Congress, although sponsors of the Bill hope to get a rule for reconsideration from the Rules Committee after the turn of the year. In the meantime, there is some talk that Secretary Anderson may submit to Congress a plan for specific changes in the parity formula to iron out existing inequalities. On the other hand, it is known that the administration in trying to cope with inflation is not interested in 28¢ cotton or $2 wheat parity; therefore, even a compromise measure might be far from what Mr. Pace and Senator Thomas had hoped for.

As for wheat this commodity remains in strong demand, and exporters are still eagerly buying, while the various mills of the country are besieged with requests for offerings, and we understand that countries such as Spain, Portugal, and Greece, are interested in both near and deferred shipment. It is also likely that early next week PMA will consummate some flour business, and it is thought that the equivalent of 1 1/4 to 1 1/2 million bu is involved, but industries are holding off now to await the December subsidy, and are also extremely cautious, not wishing to place too much business on the books because of the possible ending of subsidies.

Primary receipts of wheat amounted to 1,360,000 bu compared with 2,436,000 bu last week, and 946,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 745,000 bu.

Late in the session it was announced that no action was taken on the Pace Bill. This may have had a little bearish effect upon the deferred futures of wheat which were accumulated here for the last few days. Likewise, rye became weak on moderate liquidation, and the December future sold down the full permissible 5¢ limit. We believe that weakness of cash rye is discouraging some traders, but there is still a very large open interest. May wheat clung to the ceiling for a good part of the session, but there was some business, although we think on the whole it could not have amounted to very much. The deferred futures were down 1/4 to 1/2¢ per bu. Oats were moderately weak.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 23, 1945.

Secretary of Agriculture Anderson has announced this morning that effective at midnight tonight there will be a termination of rationing of meats, canned fish, fats, and oils. This will bring to a conclusion the rationing program on foods with the e xception of sugar. According to Washington releases, the Stabilization Administrator has announced a definite schedule for the ending of various food subsidies, indicating that most subsidies will be ended by June 30, 1946. In some quarters it had been believed that the elimination of subsidies would lead to a general price advance in foods of 10%, and that some meat cuts might advance as much as 20%. However, from the latest studies made by government agencies directly concerned with food prices, it does not appear as though the elimination of subsidies during the next eight months would result in any over-all rise in the cost of living. The agencies now feel that the increase in the general cost of living would not exceed .03 of 1%, although much will depend on markets and general economic conditions at the time action is taken. While undoubtedly some foods will advance, there is an expected decrease in the price of citrus foods, potatoes, poultry, and eggs, offsetting those items which might be subject to increase. No specific announcement has been made with respect to the flour subsidy, but undoubtedly this will be eliminated as well, and the prevailing price of wheat would be reflected inthe price of flour.

Meanwhile, inquiries for exports of wheat and flour remain heavy. With the winter months rapidly approaching, there is a dire need for food in many of the occupied and liberated countries. Results of this year's harvest in Europe still continue to be rather woeful. As we have pointed out several times, South Africa had a short crop, necessitating turning to the Western Hemisphere for supplies. Drought conditions still prevail in Bulgaria, which is affecting the sowing of winter grains. It is estimated that Italy's 1945 rice crop, which has been an important item to that country is less than half the prewar average . On the brighter side, weather has turned more favorable in India, where operations are in full swing, and the Ukraine's agricultural area is showing recovery.

In this country the Kansas weekly report indicates that seeding of wheat has been practically completed in all areas, with fields up to a good stand, but that a deficiency of topsoil moisture is beginning to be felt in many areas of that State. Nebraska also reports that winter wheat needs moisture before very cold weather sets in. Private reports from the Argentine indicate a crop this year of around 200 million bu; while this compares with last year's 150 million bu, it is still below a normal outturn. Prices of all grains in that country have risen, and due to transportation difficulties and other causes, exports of wheat and flour are running at rather low ebb, with only 206,000 bu shipped for the week ended November 15th. On the other hand, exports from Canada are running extremely heavy, amounting toapproximately 148 million bu for sixteen weeks, and totaling about 9 1/2 million for the week ended November 16th. We still are without any official figures on the exports from the United States, but Sanford Evans estimates that our shipments are running about 5 million bu a week, and for twenty weeks have totaled 91 million bu.

Primary receipts of wheat totaled 1,929,000 bu which compares with 1,617,000 bu a week ago and 2,052,000 on the comparable day of last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 1,214,000 bu.

There was no particular news overnight to affect the wheat market. There is still a strong demand both foreign and domestic for wheat, and until there is some abatement do not look for any real weakness. Apparently the recent decision of the CCC to make their stocks available to mills in the Southwest who had less than twenty-one day's supply on hand has not cleared up the situation owing to certain restrictions invoked by the government agency.

Winnipeg rye was subject to liquidation over our holiday, which gave an easier opening to our market, and when further declines were registered in Canada our market was called upon to absorb additional liquidation. Weakness in rye was finally reflected in oats, which showed independent strength during most of the session. Two cargoes or a total of 300,000 bu rye has cleared from Canada destined for South Chicago.

UHLMANN GRAIN CO.

[illegible] HARRISON 6482

141 W. JACKSON BLVD

[illegible] Nov. 23, 1945.

Secretary of Agriculture Anderson has announced this [illegible] at effective at midnight tonight there will be a termination of rationing of meats, canned fish, fats, and oils. This will leave a continuation of rationing program on foods with the exception of sugar. According to Washington releases, the Stabilization Administrator has announced a definite schedule for the ending of various food subsidies, indicating that most subsidies will be ended by June 30, 1946. In [illegible] of subsidies would lead to a general price advance in foods of 10%, and that some meat cuts might advance as much as 25%. However, from the recent studies made by government agencies directly concerned with food prices, it does not appear as though the elimination of subsidies during the next [illegible] would result in any over-all rise in the cost of living. [illegible] in the general cost of living would not exceed [illegible] will depend on [illegible] and [illegible] ction is taken. [illegible] as one of [illegible] meats, poultry, and eggs, [illegible] increase [illegible] the flour [illegible], but [illegible] and the prevailing period of [illegible] of flour.

Meanwhile, [illegible] for export of wheat and flour [illegible] heavy. With the winter wheat [illegible], there is [illegible] need for [illegible] in many of the [illegible] countries. Reports of this year's harvest in [illegible] Above [illegible] necessitating [illegible]

of wheat [illegible] estimated that [illegible] has been [illegible] On the [illegible] sale in India, [illegible] as [illegible]

In this country [illegible] up to a [illegible]

points that [illegible] in. Delivered receipts from the [illegible] around 200 million [illegible] lion bu. [illegible] in that country [illegible]

low ebb, with only [illegible]

amounting [illegible] totaling about [illegible] still [illegible] States, but [illegible] about [illegible] lion bu.

Primary receipts of wheat totaled 1,[illegible] with 1,[illegible] a week ago and 2,052,[illegible] last year. So far this week, Kansas City and [illegible] of 1,[illegible],000 bu.

[illegible] Particular news [illegible] is still a strong demand [illegible] until there is some abatement [illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 26, 1945.

Wheat price guarantees at 90% of parity for 1946 and 1947 have already been established, and it is possible that these will be extended for a longer period if the war is not proclaimed over by January 1, 1946. It is thought in the Northwest that this may stimulate acreage and production not only in the Great Plains areas, but also in the more humid areas, as those sections cannot readily turn to other crops. However, it should be borne in mind that for five straight years we have had bumper wheat crops in the Northwest, and before this time it was unusual to have a bumper wheat crop for more than two successive years in the Dakotas and Montana. In fact, a great many people will recall the drought years when for six or seven years just the reverse situation prevailed. Therefore, there is no certainty that the large wheat crops of recent years will be repeated, even though acreage might be somewhat higher, and with the insatiable demand from Europe it is almost necessary that big yields are procured of both food and feed in order to alleviate distress and famine.

The winter wheat crop in this country is nearly all sown except in the South and Pacific States, where some seeding is still taking place. Stands for the most part are good to very good, and are reported two to five inches high in the Central States, but it is still too dry over some of the southwestern sections, and in spite of the heavy precipitation which we had in September, there has been a rather extended period during the past month and a half when very little rainfall occurred, and thus at least topsoil moisture is lacking.

The period during the war of high prices and big yields has enabled most wheat farmers to reduce or pay off completely their real estate mortgages and short-term indebtedness. In addition most farmers have purchased bonds and have built up favorable bank balances. This situation has been responsible for a very heavy grain holding movement on part of farmers who did not need cash, and many of them for the first time in their history are concerned with income tax considerations. But we feel that after the turn of the year there will be a change in that direction, and with some easing of freight cars, it is probable that the primary movement will increase in another forty days.

For the time being there seems to be little trading in December or May wheat, and undoubtedly a good many hedges have recently been taken out of the old-crop months and put into the later deliveries, and there may be further business on this basis if there is any easing of the cash wheat situation. It seems that Europe is taking about everything which is offered from North America, and ordinarily we could be looking forward to more pressure from Southern Hemisphere, which usually starts about January 10th. On the assumption that the Argentine will have a crop of 200 million bu, and adding 25 to 40 million bu for the carryover reserve, chances of large shipments to Europe are not too good for the reason that about 140 million bu will be needed at home, and possibly 30 to 40 million bu by Brazil and other Latin American countries. Consequently, it is quite a different story from the normal. It is a little too early to have definite figures for Australia, except that we know there is practically nothing left from the last crop, but whether the yield of new wheat will be above 135 million bu will depend very largely on the extent of recovery, since rains in that country occurred. Still with a fair demand from the Orient, it does not leave much for European destinations.

Primary receipts of wheat amounted to 1,274,000 bu compared with 1,349,000 bu last week, and 1,264,000 bu last year. When the visible supply was posted, it showed a decrease of more than 6 million bu and now leaves total stocks in all positions 109 3/4 million bu which is 38 1/4 million bu less than a year ago. Chicago stocks were cut by 328,000 bu leaving slightly over 3 million bu in this market. In view of the great strength in cash wheat, there is no pressure even on the deferred deliveries, thus with moderate buying our prices rose about 1¢ per bu but volume in the pit was extremely light.

Oats became strong and while there was a slight increase in the visible, it had little effect. Rye was quite indifferent at the start but with surrounding pits all showing a bullish trend, buying developed and the close was considerably higher and not far from the best levels of the day. The actual demand is very moderate and we note that the visible supply decreased only 15,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 27, 1945.

In very many years we have firm price levels in grain at this season. The reason for this is that we are gradually coming into the period of lighter movement; the visible supply starts to decrease, and in that respect, we had a taste of it yesterday with a 6 million bu shrinkage. But in other directions the situation is not the same, for the reason that there is still a great deal of grain back on the farms, probably more of it would have been moved except for the car shortage. We note that 9,000 freight cars were dispatched to the West the past week, and a great effort is being made by the Association of American Railroads to facilitate mass movement of grain, which undoubtedly would come forward with ceiling prices prevailing in many of our markets. This may ease the tight situation existing both with respect to wheat and to corn, particularly if the cars keep coming to the points of origin in the weeks ahead.

The bull movement which we are discussing, and which generally extends until about the 10th of January, is then halted by heavier offerings from Argentina and from Australia, but we are not looking for much relief this year in spite of the fact that Argentina still has a substantial surplus of wheat remaining for export. Unfortunately it is not being shipped. The first consideration in that country is to retain a reserve for internal needs in case anything should happen to the crop, but secondly, and probably of greater importance, is lack of transport, and lack of fuel. After several years of wear and tear without replacement the transportation system in Argentina has become very bad. Reports from that countryspeak of motor vehicles being laid up owing to lack of tires and spare parts, while railroad materials are extremely scarce. Also complaints are heard of insufficient coal and petroleum. It seems that competition for the small world surplus of fuel is keen, and it may be some time yet before Argentina is relieved. This has been the reason for burning a fairly large percentage of corn, but this can no longer continue since there is little of that cereal left in the country. The government, however, has suggested that it may be necessary to use other grains for fuel unless greater imports of coal and petroleum take place.

The overnight news disclosed that rains had occurred in the Central States, but there was little moisture Southwest. Precipitation would be very welcome in many of those districts which have had little relief since last September, although there is no immediate prospect for rain. The demand from Europe is incessant, although the British buying is mostly for immediate shipment, as allotments have not been made for deferred purchases. One of the authorities from a leading agricultural college points out that droughts have reduced crops in many of the important agricultural regions of the world, and accounts for the present tight situation of foods and feedstuffs in world markets. However, present weather conditions favor crops in Argentina, although it is probably too late to be beneficial for wheat. However, if the drought is broken in other large areas he forecasts that the probable demand from the United States may subside during the latter half of 1946.

Primary receipts of wheat total 2,261,000 bu compared with 2,088,000 bu last week, and 2,760,000 bu comparable day last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 604,000 bu.

There was no particular overnight news to affect the markets. The export demand for flour is accounting for everything the mills can offer. There seem to be indications that government agencies may be in the market in the near future for large amounts of flour for relief and other purposes. Under the circumstances, there is no reason to look for any weakness in wheat until the demand subsides. The box car situation seems a little easier, but demand is absorbing all country offerings.

Rye started with a very firm undertone, and higher prices were registered in the early part of the morning, but after mid-session offerings became more liberal in the pit, and weakness developed, particularly in the May future, although the December held relatively firm.

Oats continue to enjoy the largest trade of any of the pits, and that cereal also showed strength during the fore part of the session, but after weakness had developed in rye reactions from top prices set in.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 28, 1945.

In trying to analyze how much wheat and flour may be furnished by the United States, it is first necessary to look at the other exporting countries to see what their position is. We now have the official returns of the Canadian shipments for last year, which amounted to 333 million bu and compares with 348 million bu the year earlier. On the assumption that about 330 million bu is placed afloat during the current season, it will leave a small carryover reserve on August 1st for the reason that the Canadian wheat crop has been reduced to 308.6 million bu, and the last carryover was estimated at 258.4 million bu, which made total supplies 567 million bu. Assuming that their domestic usage will amount to 160 million bu, and that 330 million bu is exported, it will leave only 77 million bu to be carried into the 1946 crop. This, of course, is much smaller than anything we have seen in recent years, and is a big reduction from the 258 million bu which was on hand last August. Nevertheless, it is not likely that next year's yields will be as small as those of the present crop, and, therefore, under more favorable conditions there should be still ample supplies for all purposes, particularly if European production is nearer an average one.

Broomhall is of the belief that while the Southern Hemisphere will not be an important factor, still Argentina may export close to 100 million bu, and that Australia may furnish 40 million bu. Then, if we add the figure for Canada that was mentioned above, it would total 470 million bu for those countries outside of the United States. Broomhall also figures that world requirements must surely reach or exceed 800 million bu, and thus we again have confirmation that whatever wheat is available from this country will be taken. Of course, transportation is playing an important role. Just to show what the demand actually is, we call attention to the fact that during September Vancouver alone shipped more than 4 million bu wheat to destinations which included India, Russia, Australia, Great Britain, and France. The movement from Vancouver is expected to remain heavy throughout the winter months, while the St. Lawrence River is closed.

In addition to the large quantities needed for Europe relief and general foreign usage, it seems that the government is making flour purchases from time to time, and this is all a sustaining factor, so that both our December and May wheat remain tightly fixed to ceiling levels, and it is even having a somewhat bullish effect upon the new crop months, although at the present time trade in wheat is extremely light. There is still no relief from the partial drought which has occurred in the Southwest, and according to the government weekly report, rain is needed to prevent damage by wind and killing from severe freezes. The precipitation which we had in the Central States did not extend far enough South, and our weatherman believes that it will take a real cold wave in this part of the country to bring much rain to the dry sections. For the moment there is no such promise in sight.

Primary receipts of wheat amounted to 1,176,000 bu compared with 1,360,000 bu last week, and 1,386,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,120,000 bu.

It seems that Kansas City is getting more cars, and apparently loadings are being made for export; thus stocks are going down rather heavily.

There was not much interest in any of our wheat futures today; at times a little liquidation in December and May, but very small in comparison with the amounts still open. Rye was firm at the start, ran up, but there was some liquidation, and we had a moderate decline without any particular news, and certainly no feature to comment on. When this liquidation had run its course moderate recoveries took place, and the close was not much different from that of the previous session. Oats were inclined to be slightly reactionary, but there seems to be no pressure, and the feeding situation is still strong, many people believe that the corn crop has been overestimated. In any event, it is so scarce that feeders are not having an easy time to get their supplies.

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DAILY MARKET LETTER

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CHICAGO, 4

MEMBERS:
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CHICAGO MERCANTILE EX.

Nov. 29, 1945.

After the close of the market today it is expected that the November parities for agricultural products will be published, and the chances are that either steady prices or possibly small advances will be registered. We have not seen anything to indicate a material reduction during the past thirty days. Labor prices were well maintained, and while there have been a few recessions in some lines they were outbalanced by the insistent demand for most articles, and even though many rationing restrictions have been removed, we are of the opinion that demand has kept up fully with supply. Some people have in mind that if parity prices should be increased, and with the advances which have occurred since last July, that possibly higher ceilings might be permitted for either corn or wheat, but we doubt very much whether OPA is going to make any immediate changes, although here again we have no definite knowledge of their operations. Up to this time we only had a proposal from Washington that rye ceilings would be invoked for the next crop, but formal issuance of the ceiling regulation was announced today, and the cash price at Chicago is $1.42, the same as the intimation some months ago. On this basis, we figure that the ceiling for futures at Chicago will be $1.44 1/2 absolute high. With this the case, it may finally have an influence also on the May delivery, because anyone who accepts tenders on contract will have but a limited period to sell his grain in competition with lower prices for the new crop.

Otherwise not a great deal of grain news, although some comment that hog prices were quoted 35 to 40¢ lower, but the demand for corn is still strong, and there was no recession from ceiling levels, although possibly some transactions took place by way of changes between the different delivery months. The corn-hog ratio in Chicago is again 12.5 for the week, where it has been now for some time, and compares with 13.5 last year. In looking at the Weekly Feed Market Review published by the U. S.Department of Agriculture, we find that everywhere mill feeds, corn feeds, and the like are difficult to secure, and even the by-products remain tight, and are strongly held. However, it is pointed out that the supply of corn arriving at the large industrial plants in Chicago increased materially, and most of the large producers are planning a seven-day week for operations between now and the first of the year. In spite of all this none of the trade seems to be receiving their requirements, and one of the large industries has booked its entire December output.

The President's Press Conference describes business activity as good, and reviewing the progress made in lifting wartime controls, he pointed out that the OPA had removed several hundred items from the list, sugar and tires being the main items still left on. He concluded his reconversion summary with the warning that inflationary pressures are still great, and that danger signals point to a further building up through the winter and spring months for real estate, also wholesale and raw material prices. His insistence on holding the line leads us to believe that proposals such as the Pace Bill may not be too seriously entertained if they are again brought up.

Primary receipts of wheat amounted to 1,711,000 bu; there was a holiday last week, and a year ago they were 1,009,000 bu. Kansas City and Minneapolis stocks so far this week show a heavy decrease amounting to 1,606,000 bu. Continued heavy shipments from Kansas City apparently for export, are responsible for the shrinkage.

Markets were firm during parts of the session, although rye was under liquidating pressure, and it is also figured that there may be fair deliveries on December contract owing to the fact that cash rye has lost much of its premium.

Oats were rather indifferent, and trade was on a somewhat lighter scale.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 30, 1945

There is very little change in the wheat situation from day to day. As near as we can tell, Canada during the first seventeen weeks of the crop season has exported about 156 1/2 million bu wheat and flour, which includes 20 million bu sent to the United States, and this wheat will either be used for our consumption or milled in bond. Nevertheless, it is a very large quantity, and leaves only about 250 million bu to be exported or carried over in the remaining thirty-five weeks. Here again is confirmation of the fact that a much smaller reserve stock is in prospect next August, although, of course, one should be mindful of the fact that during the period of closed navigation, shipments are bound to drop off to some extent. As for our own country, near as we can tell about 96 million bu has been exported during a twenty-one week period, and the demand from Europe is persistent, but yet offerings have been held back to some extent owing to the fact that mills have also been eager for supplies, and with the comparatively small movement from the country, the exporters in New York have not been able to get as much as they could sell.

Sanford Evans, prominent Canadian statistician, has improvised some figures with respect to the carryover supply in the four major exporting countries, and has added thereto the crops grown or to be grown during the current year, thus arriving at the total supply situation. For Canada, the United States, Argentina, and Australia he figures a total wheat supply of 2,451 million bu compared with 2,697 million bu last year. However, after deducting home requirements, including seed, feed, alcohol, etc., the disparity is not quite so great because of the smaller usage now than there was a year ago. Hence, he arrived at the conclusion that the maximum amount of wheat available for export or carryover in these four countries is 1,249 million bu compared with 1,397 million bu a year ago. Early in the season Broomhall estimated that world import requirements would be about 604 million bu; but since that time he has increased his estimate to 800 million bu, with the possibility of further quantities if they could be obtained. Thus it will be observed that if the clearances reach the higher limit, the next carryover for the four large exporting countries may be cut to less than 500 million bu, which would compare with 683 million bu last year and 974 million bu two years ago.

Before our market opened this morning there was a little further clarification on the rye ceiling order. According to our informant the Washington issuance of the OPA Regulation, "MPR-604," will be applicable to all sales of rye made after the effective date, June 1, 1946. We are also told that there will be no distinction between crop years. Heretofore this had not been so construed, and a good many traders were of the opinion that the ceiling price related solely to the new crop, but if our information is correct, it should apply to all rye that is sold after May 31st.

Primary receipts of wheat amounted to 1,756,000 bu compared with 1,929,000 bu last week, and 1,797,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 2,112,000 bu. We expect a larger shrinkage in the visible supply than last year, and at that time it decreased 4,880,000 bu.

Trade was again very quiet in wheat; likewise not many fluctuations. Rye furnished more opportunities, and at one time there was a rather sharp break on prospects of fair deliveries in December, but apparently these were all stopped by one house, and this created strength late in the session, with the result that the deferred months also rose in sympathy.

Oats were inclined to be somewhat weaker early, but there was no special feature and they closed firm.

We note that of the 47 1/2 million bu of wheat impounded that about 16 1/4 million bu is represented by loans which farmers have taken in the States of Washington and Oregon. In other words, the Pacific Coast has nearly one-third of the total. The next largest State is Kansas, with 6 1/2 million, and from there on down it is pretty well scattered.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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MEMBERS:
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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 December 3, 1945.

The increase of 1 1/2¢ per bu in the flour subsidy brought in quite a rush of business on Saturday. This necessitated covering of hedges, and in cases where December and May could not be purchased, we noted that there was buying of the deferred months, especially July. In addition to this the export outlets for both wheat and flour are fully maintained; therefore, there is no particular pressure, although we observe that the car situation has improved, and there were 745 cars of all grain at Kansas City, and even a larger number at Minneapolis, so that the heavy decreases in the visible supply which are now taking place may not continue on the same heavy scale, although we do believe that sharp inroads are going to be made on existing supplies between now and the end of the season. However, if the total exports of wheat and flour do not exceed 300 to 325 millio bu, we may still have a carryover reserve almost equal to the last one.

Unfortunately, the rains which had been forecast on Saturday for southwestern parts of the country failed to materialize, although the condition of winter wheat is not suffering materially; in fact, according to the government it is still fairly good in most sections of the Great Plains, but as previously mentioned in our market letters rain or snow will be needed later on to prevent damage from wind. In Oklahoma, the early planted wheat is mostly up to a good stand, and the late seeded crops are showing fair to good germination. It will unquestionably take a little extra moisture during the winter months if we are to get average results or better, but in any case the start was satisfactory, and fortunately we had rains during the month of September.

Probably of greater market significance at the moment is the new rye ceiling, which apparently becomes effective after June 1st for all classes of rye, regardless of whether grown during the 1945 season or later. A sharp cutoff would even prevent bona-fide sales which are made between now and June 1st from being completed, unless the grain is actually delivered by the time the new ceiling becomes operative. Thus, if anyone takes delivery of rye next May, the element of time is distinctly against him, because he will have to merchandise this grain almost immediately in order to save himself from loss that would be encountered when the deadline is reached. This was construed bearish by the trade. It was not entirely understood last Saturday when first released by the Secretary of our Exchange, who received information from the OPA at Washington, but prices this morning were again sharply lower except for December rye, which at times went contrary to the trend. It seems that the deliveries on December contract which have been made thus far have gone mostly to one house, and apparently the deliveries are not circulating, at least for the time being. This placed the nearby future at about the widest premium over May that we have yet had on the crop, and at the time that May rye first went to the 5¢ permissible downward limit, it sold at a discount of about 12 1/2¢ under December, which, of course, is rather unusual, particularly since there is no urgency in the cash demand.

Primary receipts of wheat were 1,980,000 bu compared with 1,274,000 bu last week and 1,916,000 bu last year. When the visible supply of wheat was posted, it showed a decrease of 4 1/4 million bu. Total stocks are now 105 1/2 million bu, or about 37 1/2 million smaller than last year. Chicago stocks decreased 268,000 bu, and are now less than 3 million bu total.

There was very little activity in wheat; in fact, most of the business transacted in December or May was spreading between months. The mills were again conspicuous on the buying side of the deferred futures, but some liquidation came into the pit owing to the great weakness in rye. The fact that Winnipeg futures broke the full 5¢ permitted for one session, finally caused weakness in the December future here, with the result that both December and May closed the limit down. There was also weakness in September, but July rye while trading a few times at $1.44 1/2 was still wanted at that figure when the closing bell tapped.

Oats were inclined to be firm at the start, but finally reacted with the weakness elsewhere.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 Dec 4, 1945.

One would ordinarily, at this time of year, start to inquire as to the possible competition from Southern Hemisphere. We are not much concerned with heavy shipments from either Argentina or Australia for the reason that the reserve stocks in Australia are downto very small proportions, probably only about 15 million bu, and the estimate for the new crop is as low as 125 million bu, so that with consumption at home somewhat better than normal, the surplus is not expected to be very important. Conditions are somewhat different in the Argentine with respect to reserves and prospective yields, but yet transportation has been so crippled that for the time being we are told that the outward movement of grain will be very small. The government in that country has set a basic wheat price for this year's crop at $1.22 per bu in our money. This is for sacked grain on board cars at Buenos Aires. It is the highest minimum price which has ever been paid since the policy of basic prices was established for farm relief; in other words, since 1933. The present decree also provides that wheat for export must continue to be purchased from the Grain Regulating Board. When we view the minimum price in that country with our 90% of parity loans, we can easily understand the difficulties that may be encountered three or four years hence, although in one way we have quite an advantage over other exporting countries: namely, that our population is increasing at a rapid rate, and by the time we have 150 million people in this country, crops which used to seem rather burdensome might present a different picture in the future. However, it seems likely that with these comparatively high prices ruling in Southern Hemisphere countries, their acreages are apt to expand, although as an offset one must bear in mind that yields per sown acre are not nearly as satisfactory as in this country. Nevertheless, those who are planning for the future of a permanent agricultural program must bear these considerations in mind, and we believe it would be very futile to recompute parity on such a basis that any farm plan would be endangered.

It was almost a foregone conclusion before our market opened this morning that rye prices would be lower, as there had been considerable pressure to sell at the downward limit yesterday, and a good many orders were unsatisfied. Therefore, when operations were resumed this morning, there had been quite an accumulation of offerings, and it was not long before another 5¢ break was reached for the December and May futures. As soon as this occurred selling came into the September future, and finally the July delivery, which had been wanted at $1.44 1/2 for many weeks, yielded ground, and apparently there was not as much grain wanted as had been previously assumed.

There are still imports from Canada, despite their relatively small crop, and we note that another vessel destined for South Chicago is bringing 290,000 bu, while the Steamer Hindman sailed for Buffalo with a cargo of 60,000 bu. Whether there is actually a good demand for this grain at prices near those of wheat remains to be seen. We have found recently that our best market for Texas and Kansas rye was here at Chicago, and apparently some of the bins have recently been scraped in order to obtain a more attractive market which prevailed here in comparison with other parts of the country. Included in today's receipts was 246,000 bu rye that arrived by lake from Fort William, and we presume this together with the other rye which is due to arrive later will be tendered on the December contracts.

Primary receipts of wheat were very close to the 2 million-bu mark, compared with 2,261,000 bu last week and 1,680,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 401,000 bu.

With the weakness in rye which we described above, there was also a little easier feeling in wheat. Of course, the December and May futures were undisturbed, although a little spreading business took place, but the new-crop futures were somewhat lower , although at times there was some buying against flour sales. This business has been tremendous and the PMA is scheduled to make further purchases within a week or so. Total wheat loans on the 1945 wheat crop amount to 52 1/2 million bu, and there is only between now and the end of December for farmers still to take advantage of this program. Oats, which were relatively strong early, were finally influenced by the weakness in surrounding pits, and there was some liquidation, although we believe that France has made inquiry for the purchase in this country, but we have not yet learned how much actual business, if any, has been put through.

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CHICAGO MERCANTILE EX.

Dec. 5, 1945.

We have been subscribing to all the export data from Washington, but up to the present time have only the July exports, which were received by us under date of October 29th. That means we do not have the detailed figures for August, September, October, or November. Working rather closely as we do with Sanford Evans Statistical Service, we have a letter this morning from them, part of which we quote: The U.S. Department of Agriculture says: "...it may be of interest to note that on the basis of present indications it is estimated that total exports may approximate 325 million bu of which something more than half will have moved during the July-December period." This has been responsible for a change in the Canadian expert's statistics, and he now estimates that for the past five weeks we have shipped about 9 million bu of wheat and flour each week, or a total of 130 million bu for the first 22 weeks of the crop year. This does not change any of our calculations, and we still believe that the carryover reserve on July 1, 1946 will be pretty close to 300 million bu, or practically the same as was on hand the year earlier.

It is, of course, encouraging to note that favorable weather conditions have aided seeding operations in Europe, and current reports indicate the probability of fair acreage increases in some countries. A number of countries are suffering from lack of fertilizer, and for that reason it is feared that the 1946 yields may be adversely affected. Still recent reports are less pessimistic, but for the time being the needs are tremendous, and thousands of their population are suffering from privation, so that a bad winter is anticipated. The U. K. has been importing wheat from the United States to feed the population in her zones of occupation in order to check the death rate and prevent rioting. It has been reported that Russia will have substantial food this year, and has been lending some wheat to Poland, but the Danubian countries will have very little feed to spare for export purposes this coming year.

We have mentioned right along that not too much grain can be expected from the Southern Hemisphere, even though the time is approaching when their shipments would ordinarily pick up. If Australia reaps a crop of 125 million bu, which would be greater than last year's failure crop of 51.9 million bu, it is still about 25% less than the pre-war average of 165 million bu. Their yields are indicated to be about 12 bushels to the acre, with some increase in the sown area due to removal of restrictions, but yet only a very moderate crop is in prospect. We mentioned yesterday that the Argentine Grain Board had announced a raise in the basic wheat price to about $1.22 American funds for sacked grain at the seaboard. This compares with a guaranteed price of 72 3/4¢ last year, and 64 3/4¢ two years ago. Official estimates of wheat stocks at the end of October are placed at 60.5 million bu. At the present rate of disappearance Argentina will have about 50 million bu old wheat left on December 31st, while the present estimates of production varies from 175 to 200 million bu. Thus, there is a fairly large total supply on hand, but after taking care of domestic requirements and other South American needs, it is felt that only about 75 to 100 million bu remains for export to Europe, provided, of course, transportation both internal and for overseas passage can be obtained.

Primary receipts of wheat today totaled 1,045,000 bu as compared with 1,176,000 bu last week, and 899,000 comparable day of last year. So far this week stocks at Minneapolis and Kansas City show a net decrease of 878,000 bu.

Owing to the fact that many selling orders in rye could not be satisfied in yesterday's session, it was a foregone conclusion that today's opening would be at somewhat lower levels. There apparently had been a further accumulation of orders overnight and the nearby futures immediately went down the permissible 5¢ limit. On the extreme break some profits were taken, with the consequence that sharp recoveries took place. Later in the session, according to a Washington dispatch, Senator Elmer Thomas, Chairman of the Senate Agricultural Committee, has asked the OPA to withhold issuance of the order establishing ceilings on rye, pending full examination of the reasons for the order. The Senator points out that with the decline in rye prices, he predicted that the farmer would produce corn and wheat instead of rye next year unless the price rises again. In the many years of raising rye crops in this country cash rye has sold at a discount under wheat, and we have been witnessing an extraordinary procedure this season, with rye prices ruling higher than wheat.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 December 6, 1945

An article appearing in the United States News just published gives the views of Mr. Anderson, Secretary of Agriculture. While apparently some of his proposals conflict with bills in Congress and laws already established to require the government to support farm prices at 90% of parity, the Secretary has shown some concern over the government's problem of fulfilling price-support guarantees. It is his view that lower prices would encourage large consumption, thereby lessening the needs for production control. We feel that anyone interested in agriculture should get the last edition of this magazine and read the entire article.

When our market opened this morning, the carryover feeling from yesterday was somewhat bullish. First of all, it had been reported that two cargoes of rye had been sold to Europe, apparently representing grain already at the seaboard. Furthermore, Senator Elmer Thomas, of Oklahoma, Chairman of the Senate Agricultural Committee had asked OPA to withhold the formal issuance of a proposed order placing a ceiling price on the 1946 rye crop until a further examination had been made. The Senator also stated that OPA's action was a depressing move, and that the effective date, June 1, 1946, was three months prior to the harvesting of the new crop. In this connection, we point out that the State of Oklahoma sowed the third largest rye acreage of any of the States in the Union, with 402,000 acres put into rye last fall, exceeded only by South Dakota, with a planted area of 436,000 acres, and Nebraska, 623,000 acres. Moreover, rye in Oklahoma is harvested from June 1st in the southern part of the State to June 20th in the northern part of the State. So it is quite obvious that the OPA had good reason for taking a firm stand in choosing an early date, so long as they wanted to cover the 1946 crop. Mr. Bowles, in a letter to this writer personally, and on several other occasions, has emphasized that he favored the removal of price controls as rapidly as conditions permitted; in other words, as soon as demand and supply came into balance, but because of the inflationary pressures at record levels, the relaxation of such controls would have to be handled carefully. After all, if $1.18 1/2 per bu is a fair ceiling price for corn, we do not believe that anyone can quibble with the price of $1.44 1/2 for rye, both of these cereals representing grains having a test weight of 56 pounds to the bushel, but we believe that in the calculations full parity has been taken into account for both articles.

It is rather encouraging to have heard from Washington that statistics on imports and exports, which were kept secret during the war for security reasons, will again be made available as an aid to foreign trade, and we hope that the Department of Commerce will now give us the monthly figures, which will, of course, be of great value to the grain trade.

Minneapolis advised us that no CCC purchases of oats or wheat had been made yesterday, and it was not presumed that further business would take place, as we are nearing the close of navigation. However, there is a chance, although not too likely, that some grain might be moved all-rail, and if so we shall report this in subsequent letters.

Primary receipts of wheat were light, and amounted to only 991,000 bu compared with 1,711,000 bu last week, and 1,530,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,322,000 bu.

Rye fluctuations were very erratic, but this was to be expected, because rye prices here and at Winnipeg were both higher and lower, and the changes were almost unpredictable, depending upon the type of orders which came into the pit.

There was some liquidation in oats, but considering the selling, the market absorbed the offerings quite well, and this can hardly be regarded as a very weak market. A good shipping demand is reported for cash oats, with fairly large sales to go out. The visible supply is decreasing moderately, and of course the tightness in corn is responsible for the added attraction of oats.

In wheat there was hardly any trade except a few spreading transactions in December and May futures. The deferred months were barely steady, but there was no special feature.

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CHICAGO, 4 Dece. 7, 1945.

All the advices that we get from Europe indicate that the demand will be fully maintained as far ahead as one can see. Of course, nobody can tell how large European crops will be next summer, but at least until July or August the requirements are bound to be very heavy. This is due to a number of circumstances, many of which have been mentioned in these letters earlier, but which we consider important enough to stress over and over again, for the reason that even Britain's supply situation is becoming worse owing to the fact that only nominal amounts can be furnished by Southern Hemisphere countries. Canada may export nearly as much as she did last season, but as an offset there are many more countries competing for her wheat and flour, and now that shipping is becoming easier there are any number of South American countries making claims upon Argentina for both food and feed. Broomhall is of the firm conviction that United States exports during the present cereal year may exceed 300 million bu, but, of course, he may not be too well posted on the transportation conditions prevailing in this country, and this is the paramount issue as we see it. There has been some easing in the car situation, but it is mainly in the Kansas City area, and there are still many complaints from the Northwest that grain cannot be moved in sufficient volume and now with navigation soon to close, there is reason to believe that the quantities of spring wheat and oats which can be gotten to the seaboard will drop off materially.

Some people have questioned why England is taking so much grain from this country. Many of their purchases, however, are not for their own consumption, and we know of a good quantity of wheat recently which went to the British-occupied zone of Germany, which seems to be entirely dependent on wheat imports for the daily food ration of 1,250 to 1,500 calories. Just about two weeks ago more than 100,000 tons American wheat purchased for British account was so diverted to Germany, and this is being used towards meeting a deficiency, which is estimated to amount to about 50 million bu. Moreover, Britain herself harvested a poorer crop by about 32 million bu, and furthermore the millers are working on an 80% extraction basis instead of 85%; so she will unquestionably require heavy amounts through importation. Much will also depend on how heavily we dip into the wheat reserves for animal feeding. It has been suggested by Broomhall that with the 3 billion-bu crop there is no reason to use more than 200 million bu wheat for such purposes, but from reports which are being received here, our corn crop has probably been overestimated, and in any case many feeders are having difficulty in getting supplies. This may have a bearing not only on wheat but also on the final consumption of oats, and we believe that some of the recent buying of oats has been predicated on such a theory.

When our market opened this morning prices were relatively firm, and rye advanced a few cents per bushel before realizing sales came into the pit. The fast break which occurred here in the closing half hour yesterday suggested that the OPA ruling with respect to the rye ceiling to become effective June 1st might not be changed. As we pointed out some of the rye in the early sections will be harvested during that month, and, therefore, if it is the purpose to apply a ceiling that will be effective for the new crop, we believe the date can easily be substantiated. In other words, if they waited until July or August, it would create tremendous problems in distribution, and we believe that their cutoff date was designed to minimize difficulties. Reports from Canada tell us that fall rye seedings are placed at 347,000 acres, which is a small increase over the 1944 figure.

Primary receipts of wheat were 1,690,000 bu compared with 1,756,000 bu last week, and 1,046,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,712,000 bushels. We expect a fairly large shrinkage again in the visible supply on Monday which will compare with a decrease last year of nearly 4 million bu.

Markets were rather erratic. There was hardly any trade in wheat but the deferred months were very firm and it seems that dry weather in parts of the Southwest is becoming more of a factor. Kansas claims the growth of wheat was practically at a stand-still through much of the State during the past week, and the topsoil has dried out to the point of the condition becoming detrimental to the crop although little blowing or damage was reported. Argentine wheat crop is estimated at 165 million bu in the first official estimate. Oats were very firm on reports of export business to Greece. Rye was nervous and apparently

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 10, 1945

The rye hearings before the Senate Agricultural Committee have come to an end, at least temporarily, and it is rather doubtful in our opinion whether there will be any change in MPR 604, which is the OPA regulation with respect to rye ceilings. The full sixteen-page document has been filed with the Federal Registrar and seems to be thoroughly detailed with specific provisions covering all emergencies. Of course, changes might still be made, but we see no basis for added consideration on the price, even though it was stated at the hearings, "This is another diabolical scheme to impoverish the American farmer by depressing the price of his products." Using the figures of the Bureau of Agricultural Economics, farmers received $1.09 per bu for rye on the farms last year, which is the highest price since 1920 and compares with the base period,(1909-14), with prices ranging from 62.9¢ per bu to 81¢ per bu. Therefore, parity considerations are more than accounted for, and particularly when it is considered that rye prices during 1945 were even higher than those of last year. As we have mentioned so often in these letters, it is not entirely fair to consider a parity price for any commodity without also taking into account parity income. For example, in wheat the prices received by farmers during 1945 were 201% of what they were during the base period,(1909-14), but the volume of agricultural production had risen to 158%; so actually the cash receipts from farm marketings were 344%. This accounts for the great prosperity on part of producers. In other words, not only has there been a big production, but likewise prices have been fully maintained, and in wheat we have raised this season 1,149 million bu, which is the largest crop in the history of the country.

The same is not true of rye production because a yield of 27.8 million bu, while a little larger than last year, must be considered small, and an average crop would approximate 40 million bu during recent years. In fact, going back to 1922, we raised more than 100 million bu rye, but it was the only time during the twentieth century that anything of that kind occurred. In that year we had a rather large acreage, but the yield was 14.9 bu to the acre compared with 13.3 bu this season. During the drought years, when the results were very poor and we had raised only 8 1/2 bu to the acre, one season our crop was only 16 1/4 million bu. That happened in 1934, but even then prices were only 72¢ per bu on the farm.

When our market opened this morning, the carryover feeling from Saturday was somewhat bullish. The fact that oats and rye had advanced sharply created the belief that there was not much pressure from any source and that the line of least resistance might be on the constructive side of the market. It is true, of course, that about the only cereals which Europe can buy this season are wheat and oats, and both of these are being furnished mostly from North America. This is responsible for a rather tight situation, and the chances are that even larger quantities would go for export if we had the transportation to get grain to the seaboard on a larger scale.

The Directors late Saturday ruled that no new trades could be made in December wheat, December corn, or December barley; that all transactions would have to be in the way of liquidating present transactions, except that hedgers were given the opportunity to sell these futures in case their grain was in position for delivery and would finally be tendered.

The visible supply was late in being posted, but Chicago wheat stocks decreased 1,169,000 bu, leaving only 1,754,000 bu in this market. Oats stocks decreased 163,000 bu locally, which leaves us with 5 1/2 million bu still on hand. Rye increased 250,000 bu.

Markets were reasonably strong early, and with December oats selling at a bigger premium over May there was a fair amount of speculative buying, but we noticed a good number of hedges coming into our market. It seems that elevator interests are apparently busy buying cash oats in the Northwest, placing their hedges here. This may tempo bullish enthusiasm for a time, much depending on the ultimate demand for the actual article.

There was considerable changing between December and May wheat, and we believe the open interest in December may go down as much as on million bu after today's transactions.

Rye was very strong early, but yielded some ground, although the December future traded at 15¢ over May, despite the fact that there is some increase in the domestic stock of rye, apparently imports accounting for this.

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CHICAGO, 4

December 11, 1945.

There was apparently a delay in compiling the domestic visible supply stocks of all grains. These figures, however, were given out this morning, and there was a decrease in wheat of 7 3/4 million bu, bringing the total supply down to 97 3/4 million bu compared with 139 million bu last year. It is quite obvious that with the country not in a selling mood, or at least not being able to get cars in sufficient volume there are big inroads being made on existing supplies. This apparently is the reason for the tightness in cash wheat and the inability to buy much either for export or for milling needs. Millers in the Southwest had pleaded with CCC to make government wheat available to them, but this request was denied, despite the fact that a good many grinders feared that unless there was a chance to get some government grain, their situation during the next sixty days might become even more acute, and in some cases shut-downs were almost inevitable.

Sometime today foreign wheat purchase quotas are expected, and we believe that they will be liberal, although the great difficulty still is in buying wheat for such purposes and getting it to the seaboard; hence, it is still our opinion that the final clearances for the season will not be up to expectations because of these handicaps. Unfortunately, supplies from Southern Hemisphere are not going to be much of a factor at this time. The Argentine government has estimated the exportable surplus of wheat at the end of November at 55 million bu, but no figures were given as to the amount reserved for domestic consumption, donations, and guaranteed exports, etc. The preliminary estimate for the coming crop is 165 million bu, which is a reduction from private figures, as those forecasts ran as high as 175 to 200 million bu. However, it will compare with last year's short crop of only 156 million bu, and the pre-war average of 219 million bu. As Broomhall points out, political differences between Argentina and the United States are preventing both countries from making a full contribution to the needs of the deficiency countries in Europe. In other words, Argentina has been burning food because we were not sending fuel to South America for their industries. The Argentine Minister of Commerce, in a recent broadcast, claimed that Argentina would not need to burn food if other countries were willing to send her fuel and other urgent necessities.

Meanwhile clearances from Canada remain large, and including 21 million bu which was sent to the United States either for milling in bond or for consumption, we find that total shipments have amounted to 167 million bu, which still leaves 240 million bu for export and carryover into the 1946 crop. The Dominion Provincial Conference held in Ottawa has recommended an increase in the wheat acreage of 2 million acres, bringing the total to 23 1/2 million acres, with some reductions suggested for oats and mixed grains.

Some complaints at home on the winter wheat conditions are being heard, although in the Great Plains area wheat is in fair to good condition, although still needs moisture. Some deterioration was reported from western Kansas. The Santa Fe Railway estimates that winter wheat in Colorado will show an increase of 15%, New Mexico 5 to 10%, but that other States will be about the same as last year. There is no deterioration yet, but generally speaking, there is need of moisture.

Primary receipts of wheat today were 1 1/4 million bu as compared with 3/4 million bu more last week, but about the same as a year ago. Stocks in Kansas City and Minneapolis are not decreasing quite so heavily so far this week, as they show a reduction of only 89,000 bu.

A very nervous rye market continued throughout the session, and prices closed easier, but it did not affect the wheat futures, which closed practically the same as last night for the new-crop months. There was very little trade in the December and May futures.

Oats have run into hedging sales on recent bulges, and with a slower shipping demand prices eased off today.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

December 12, 1945.

At the present time the export demand from Europe is so great for both wheat and the other cereals which are available that little attention is paid to territorial changes which have taken place since the war. We found in the wake of World War 1 that many of the shipments which were made by the Black Sea countries and from the Balkans had prior to that time been included under shipments from Russia. Very likely as time goes on we shall have similar changes to contend with, but probably one of the most striking developments at the moment is the fact that India, which for many years was an exporter of grain, may turn out to be a net importer, particularly since standards of living have gone up considerably. There was really never much reason why India should have exported grain, as it meant great privation on part of the masses. They did it very largely to obtain exchange, but the chances are that India's days as a wheat exporter are over, certainly for the time being, with a partial loss of the Burma rice surplus, substitute foods must be found. Furthermore, that country is so prolific that with an increased population it will probably be very difficult to furnish much for the needs of others unless production would be greatly enhanced. The government has assumed responsibility not only for the prevention of famine, but also for the maintenance of an adequate diet based on modern conceptions of nutrition; and at the present time the population is increasing at the rate of 4 million persons each year, so that their problems are ever-increasing. To what extent Germany may become self-sustaining, in the event that she will gradually be an agricultural country, giving up a good part of her commercial interests, cannot be stated at this time, but at least until she is better organized and can obtain fertilizers and seed, we believe that it will still be necessary to ship vast quantities of food and feed to her from the surplus nations.

Broomhall in one of his last trade papers to reach this country speaks of a brighter situation with respect to exports from Argentina. He believes that if the British and American governments remove restrictions on their exports of fuel to that country, it will in turn give Argentina the necessary confidence to ship stocks of grain and linseed now held in reserve for use as fuel. As he puts it, shippers have already received permission to export corn, provided they import fuel oil or coal to 60% of the tonnage of the grain exported. However, it is not likely that either of the Southern Hemisphere nations will be important factors during the coming season, and with only relatively small quantities available from Australia, the main responsibility for keeping the world supplied with wheat remains with North America, The exact amounts still depend upon our ability to transport grain to the seaboard, and also upon the quantities which we feed to livestock.

There was some encouragement this morning, with reports that moisture had occurred in parts of Kansas and the Southwest, with more to come. This did not have an immediate effect upon the market for the reason that December and May wheat are still tightly held, and until offerings from the country are heavier, we presume that all wheat futures will remain comparatively firm. However, rye is still very erratic, as evidenced by the sudden break in the closing half-hour of yesterday's session. The cash demand is anything but urgent, so that even with comparatively small stocks in the country there may finally be enough for all purposes. In examining the seven-page document put out by the Department of Agriculture showing the various basic commodities held by different agencies, we note that the CCC on October 31st still owned 2.3 million bu rye, but this included approximately 2.1 million bu, which had already been sold, and apparently has not yet been cleared. In the same connection the wheat holdings amount to 117.4 million bu, and corn holdings 13.4 million bu, but of the latter the largest part has likewise been sold, while there is 1.6 million bu in inventory record, pending adjustment.

Primary receipts amounted to 1,379,000 bu; while this was small it compared with 1,045,000 bu last week and only 766,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 423,000 bu.

There was absolutely no feature to wheat but prices were fractionally lower. The cash basis on oats was 1/2 to 1¢ lower than yesterday and prices were about 1/2¢ under the ceiling. This had a slightly bearish influence. Rye was erratic and nervous but lower quotations were the order of the day, with about a 3¢ break for the December future.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 13, 1945.

Of a total wheat crop harvested this year, amounting to approximately 1,150 million bu, the winter wheat yield was practically 837 million bu, and it is not at all likely that Nature will be as provident next summer for the reason that conditions have to be almost ideal to achieve such results. We obtained 16.9 bu per seeded acre on the winter wheat area, and this is extremely high, although there were two occasions since World War 1 when the rate was exceeded. For example in 1931, we actually had an average of 18 bu to the acre, and again in 1942, 18.3 bu to the acre, but, of course, these are exceptions, and in fairness it should be pointed out that during the drought periods we raised as little as 8.4 bu per acre, so that at a time like this in looking ahead one can only figure on about average yields. Nevertheless, September was a favorable month for seeding, and there was considerable moisture to help the plant germinate properly. Therefore, even with the dry weather which followed,it is reasonable to suppose that if we get average precipitation in the form of snow during the winter months, everything will turn out satisfactorily.

There was some relief in parts of the Southwest, and as much as 4 1/2 inches of snow fell at Wichita, Kansas, with varying amounts in other sections of the State, which should prove beneficial. Later this month we expect a condition report on the crop, but even this cannot be taken at 100% of its face value, for the reason that so many subsequent changes may alter the outlook. For example, two years ago at this time we had a very gloomy outlook, and the government told us that the December condition of the crop was only 69% of normal. Yet, with almost perfect weather during the winter and spring months, we finally obtained yields of 16 1/2 bu to the acre, and a winter wheat crop of 764 million bu, which was the largest since 1931. However, bumper crops are just as rare as crop failures; consequently, we do not cite this as a criterion ofwhat might be expected. However, the point we are trying to emphasize is that the world is now geared for heavy requirements from the exporting nations, and with the added uses to which wheat has been placed in recent seasons, it is obvious that we may not have the same surplus problems as in the past. Even if the urgent demand from Europe should slacken next summer, in the event that production abroad is increased, we believe that for the next few years at least, wheat feeding to animals may be higher than average, and some quantities may also be used for the manufacture of commercial alcohol, which prior to 1939 was never regarded as much of a factor.

For the time being it is difficult for the mills to get sufficient supplies to take care of their grinding needs, and wheat is not available in limitless quantities due to the fact that the producer is still holding back, and with the shortage of freight cars, there is no definite sign of an immediate improvement after the turn of the year, even granting that income tax factors at that time will create a more eager selling policy. T hus, we have a very tight situation with respect to December wheat and only about another week before trading engagements terminate. Some of our friends in outside markets are doing everything in their power to buy grain here in order to keep their mills running, and when it is considered that we raised a bumper crop last summer and one that was far in excess of home requirements, it is somewhat of a paradox that there should be such difficulty in acquiring supplies.

Primary receipts of wheat amounted to 1,549,000 bu; this compared with 999,000 bu last week, and 1,080,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 684,000 bu.

The CCC announced that the 1945 corn loan would be $1.01 per bu on the farm --an increase of 3¢ over last year, but that this would not in any way affect ceiling levels. Nevertheless, it did have a little bullish influence on oats and other feeds. Spot oats sold at the ceiling plus one mark-up, and the futures also rallied, closing at about the best levels of the day.

Rye was erratic, a little weaker at times, but apparently enough support came into the market to give us a higher closing following yesterday's liquidation. The deferred futures of wheat were strong. There was some local buying, but outside trade was extremely light.

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CHICAGO MERCANTILE EX.

December 14, 1945

If anything developed during the war to change our habits, it was probably a more eager appetite for meat; it was not only rationing that brought this about, but rather a higher income for the masses which permitted a more balanced diet. The allocation for the first quarter of 1946 will allow civilian consumption at an average annual rate of approximately 150 pounds. According to the Department of Agriculture, this is virtually the same as for the last three months of 1945, but is 18 pounds higher than for the first quarter of 1945, figuring on an annual per capita basis. In view of the fact that this compares with about 135 pounds annually per person consumed prior to the war, it shows that our feeding needs are very great, and so long as the corn crop is moving slowly into commercial channels, we presume that there are bound to be effects felt in other feed grains, such as oats.

This seems to be the motive behind a good deal of the speculative buying at the present time, despite the fact that we have raised a bumper crop. How much of this is discounted already in the present price level is difficult to say. There does not seem to be any special issue at the moment to give us a decisive market trend. Generally we have firm grain markets from now until the holiday period, followed by a decline early in January when Southern Hemisphere crops move in greater volume. However, we doubt whether shipments from Australia and Argentina will increase very heavily. At the moment, the Argentine wheat clearances are very small. During the week only 452,000 bu was cleared, including 151,000 bu to non-Europe. However, 767,000 bu of corn were also shipped this week, which is a little better showing. The wheat crop is starting to move, and harvesting has become quite general in the North, where yields are reported moderately good, but there should be some improvement as cutting extends southward. Private estimates of the crop still range between 175 and 200 million bu, although the first official preliminary report forecast a crop of only 165 million bu. It is unfortunate in a year like this that not larger areas were sown to corn. Prior to 1939, about 16 million acres were planted, but this has gradually been reduced to about 10 million acres; thus, even with good yields the total outturn cannot be expected to be too large.

Very often when there is such dullness in the grain news, we take our cue from securities, but at the present time there is nothing too outstanding in new developments, and the same issues are still being debated: namely, whether wages can be advanced without allowing higher prices for the finished product. Without posing as economists, it reminds us of the saying, "Two can live as cheaply as one." The only fallacy to that is that meals only come half as often. However, there have been no serious setbacks in securities, probably for the reason that there are still many inflationary factors at work. Most people reason that labor difficulties are only temporary, and that finally our reconversion program will surge ahead keeping large quantities of money in circulation.

Primary receipts of wheat today totaled 1,077,000 bu compared with 1,690,000 bu last week, and 975,000 bu the comparable day last year. So far this week, Kansas City and Minneapolis show a net decrease of 989,000 bu. When the visible supply is posted on Monday, it will compare with a decrease of 3,160,000 bu a year ago.

Temperatures are below normal in the Southwest, although there has been a fairly liberal snow covering. Indications are for fair to partly cloudy weather, with continued low temperatures tonight, Saturday, and Sunday.

There was again very little activity in the wheat pit. Rye ran into a volume of liquidation. There is a feeling in some quarters that the OPA rulings on rye ceilings would be upheld. There has been no official announcement made but more should be known sometime next week.

Cash corn still remains tight, which for the time being is directing more interest into oats, although near the close of the session rather large country bookings of oats were reported for Minneapolis.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

December 17, 1945.

Owing to the fact that there are such great difficulties in buying wheat, (and this refers toboth purchases made for export and to those for our domestic mills), one would almost conclude that our supplies are inadequate. Nevertheless in looking at the statistics, we find that only twice in history was the crop and carryover exceeded. This occurred in 1942-43 and the following year, and during that period our domestic consumption was also very heavy, but, of course, the requirements from abroad were not nearly on the scale that we are experiencing at the present time. Nevertheless, the wheat supplies for this season are indicated to be about 1,441 million bu, consisting of a carryover of 281 million bu, a crop of 1,150 million, and imports of perhaps 10 million. The latter figure also is somewhat smaller than in recent years; in fact, the CCC previously had imported a good deal of wheat from Canada, which was needed here for feeding purposes. We would probably have difficulty in getting very much wheat from Canada this season even if we wanted it, owing to the fact that her direct sales to Europe have been very large, and it is a foregone conclusion now that the heavy reserve stocks which Canada has had during the war years are going to be greatly reduced by August 1, 1946. Still, our total disappearance is not going to be greatly different from 1944-45, and this means that the record domestic disappearance in the last two years which resulted largely from increased use of wheat for feed and industrial use will be nearly repeated. But whatever savings occur will enable us to ship that much more to war-torn Europe. As we have repeatedly stated, our exports are expected to be considerably larger and will probably be curtailed only by the extent of our ability to ship.

Right now a further handicap has arisen, as heavy snows are reported at Buffalo, and they have occucred unseasonably early, which will probably make it difficult to handle the grain which ordinarily goes through that center. This refers not only to ships already in port which were taken there for winter storage, but likewise new arrivals by rail. If anything it has a slightly bearish tinge, because it means smaller consumption, but we doubt whether this was the reason for lower markets this morning. Wheat prices declined fractionally in sympathy with lower stocks and the feeling that there was not much to be gained by buying new-crop futures, since they are already selling very close to ceiling levels. Moreover, by next summer the situation may be different, and in fact, it might even change during the spring months when we start to anticipate what a carryover of some 300 million bu will mean to prices, particularly if average crop prospects lie ahead. Opening prices for rye were somewhat lower. News late Saturday had not completely filtered through the market. We have in mind a statement by Senator Thomas that the rye ceilings to become effective June 1st were held legal by attorneys for the Department of Agriculture. After all, OPA has thousands of attorneys in its employ, and generally before undertaking such an important step, matters are referred to their counsel. From a practical point of view we have mentioned on several occasions that it was even a proper step from an ethical point of view, owing to the fact that the early rye crop is moved in June, and constituting the 1946 crop, a later date for invoking this ceiling might have caused great difficulties with respect to distribution.

Weather has been cold over the Central States but more moderate temperatures were reported from the Southwest, and from the latter we learn that additional moisture is expected during the next forty-eight hours. The condition of winter wheat is reported good in all areas except the Great Plains, where more moisture is needed. It is possible that the Department of Agriculture made this statement before some of the recent snows fell.

Trade was extremely light again today. We note that on Saturday only 393,000 bu wheat was traded in the pit, and this was probably a low for all time. After becoming quite weak early, the rye market rallied. This was responsible for firming prices in the oat market, also, but there was nothing very definite, and all we could observe was a holiday spirit. The statistics were late in being posted but after all this is not having much influence at the present time. We do call attention to the fact that the primary movement of corn is about equal to last year's Also, most of the corn arriving at terminals seems to apply on previous contracts.

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CHICAGO MERCANTILE EX.

December 18, 1945.

One can hardly pick up a foreign newspaper or periodical without observing considerable comment on the food situation, which seems to be acute everywhere; but yet in spite of privations, some of the problems are being met, and while the United Kingdom is faring much more poorly than the United States or Canada, we were somewhat surprised to learn that the supplies of calories are only about 4% below the pre-war period. Proteins are 11% higher, calcium 49% above, iron 15% above, vitamin C 20%; carbo-hydrates are the same as in 1935-39, while fats and vitamin A are down by 13 and 10% respectively. In other words, through great economies and efficiency the British have achieved wonders by making their food supply little worse, insofar as nutritional value is concerned than it was prior to 1939. This is all the more remarkable when it is considered that their transit problem is probably much worse than ours. First of all, there is a shortage of all railway cars and equipment, while heavy locomotives are in very bad condition. It has been computed that 156,000 railway wagons are now under repair or awaiting service; and one company alone has 60,000 to deal with. These cars are interfering with traffic movements by occupying tracks and sidings, and there seems to be no immediate relief. Moreover, Britain has a great problem with respect to coal and fuel of all kinds. Also, the shortage of labor is a factor, and should there be a period of severe weather it may intensify the trouble, particularly if the performance of so many locomotives is impeded after several years of under-maintenance. With conditions so bad in England, one can easily imagine what they must be elsewhere, particularly in Germany and France where actual fighting had taken place. But, nevertheless, there is still a great demand for food, and we understand that our government will shortly allocate boats for shipment of wheat and flour for the next four months, while previously it had only been done thirty days ahead.

When our market opened this morning, there were several factors for consideration. First of all, weather in the Southwest had been extremely favorable, and light to heavy snows were reported over wide areas, thus affording topsoil moisture, which previously had been insufficient, and numerous complaints were forthcoming. This gave us an indifferent market for the deferred futures of wheat, but as an offset there had been a report late yesterday that a cargo of rye had been sold for export, and nobody seems to know exactly whether it is destined for France or for Norway, but apparently it is going to be shipped from Baltimore where some rye is available. Norway has always been an extremely interesting country, and per capita she has had one of the largest export and import trades of any nation in the world. However, it is going to take some time to recover trade practices on the former scale. Export markets were lost during the occupation, and imports were restricted by rigorous exchange control. In terms of real capital, Norway is 20% poorer than in 1939, but where food is involved, nations generally manage either through credit or by pushing exports to get those goods which are urgently needed. She will probably have to make use of her dollar and sterling assets, and at the time of liberation Norway had foreign currency estimated at about $243 million, including Swedish and United States loans.

After the close of the market tonight, we shall have the first of two government reports. Today's release will show the crop acreage and production of farm commodities this year, while two days hence the Bureau will give more interesting data relating to the acreage seeded and the condition of winter wheat and rye for next summer's harvest. In former times they did not publish a production figure, but in recent years it has been their practice to do this, which in turn makes it less necessary to guess based on the condition figures submitted.

Kansas City and Minneapolis stocks so far this week show a net decrease of 49,000 bu. The visible supply of wheat decreased 4 1/2 million bu, leaving total stocks just over 93 million bu, or 42 3/4 million b u less than last year. With a decrease at Chicago of 211,000 bu, there is just about 1 1/2 million bu here.

Trade in wheat was extremely moderate, and there was no feature whatsoever. Oats were firm due to the possibility of a reduction in the corn estimate . Rye was very strong early on talk of exports. The visible supply decreased only 106,000 bu, leaving 4,828,000 bu in the total stocks against 12 1/2 million bu last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 19, 1945

People in the grain trade sometimes commit the error of making comparisons only with the previous month or with the previous year in trying to analyze crop changes. We believe that this was done yesterday when the government revised its estimates on production for the 1945 harvest. There was a good deal of speculation as to whether the corn crop would be cut very materially from the earlier estimate, and some had looked for a drop of 200 to even 400 million bu, but apparently those pessimistic thoughts were not borne out by actual fact. Instead, we find that the crop was slightly over 3 billion bu, and we have only had a few such crops in the history of the country. When we compare this to the ten-year average period, (1934-43), we find that corn yielded only 2,433 million bu, so that even if the quality of the present crop is not up to expectation, it still must be regarded as a very satisfactory result. The same is true of wheat and, despite a cut of about 26 million bu in the last figure, the present yield of 1,123 million bu does not only represent a bumper crop but it compares with the ten-year average of 789 million bu. The same may be said about oats, with production now estimated at 1,547 million bu against an average crop of only 1,068 million bu. Barley is somewhat smaller than average, and also rye, the present yield being about 15 million bu less than during the 1934-43 period. Little attention is paid to the hay crop, and here, again, we have a very much larger outturn than normally; likewise, more potatoes, many more sorghums, and many more soybeans. So taken as a whole agriculture has had a very successful year.

In today's cash markets it was almost impossible to buy anything. There were fair receipts at terminals but apparently the grain had all been previously sold, and consumers who wanted to add to their reserves, which are already very small, found it next to impossible to make purchases. The government also stepped out of the market, and while hitherto they had been offering some wheat to alleviate distress on part of millers, they now find that the grain is needed urgently for export, and thus offerings have been stopped. While we cannot point our finger to actual export business in oats put through today, we feel that some business is in the making, and very likely charters either at the Atlantic seaboard or at the Gulf, which had been intended for wheat, are trying to fill up with substitute grain in order to take care of European requirements. It was rather interesting to note in connection with the Canadian export business the attitude taken by Canada with respect to price. Acknowledging that their wheat has in the past, and might, continue to command a higher level than that of some of the competitive offerings, they still deem it necessary to make some sacrifices and keep prices from advancing. Their Minister of Trade and Commerce made this statement: "It is in the interest of Canada and of Canadian wheat growers that the importing countries should continue to obtain Canadian wheat at prices not in excess of those prevailing at the end of hostilities. Accordingly, the government, by Order in Council, has instructed the Canadian Wheat Board to offer wheat for sale for export overseas at prices not higher than the current export price of $1.55 per bushel, basis No. One Northern, in store Fort William-Port Arthur or Vancouver.

"Any further increase in wheat prices now would aggravate the problems of economic and political readjustment of the liberated areas to Canada's detriment in future trade with those areas. There is a moral obligation not to take advantage of our recent allies in their time of compelling need."

Primary receipts of wheat were very light, only 662,000 bu compsred with 1,379,000 bu last week and 911,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 302,000 bu.

There was absolutely no feature to the wheat market. Prices for the deferred months were firm, despite fine snows over the winter wheat belt, which gives us practically complete coverage now.

Oats were rather firm in spite of selling of a rather large quantity by one house. In rye we had rather erratic swings, particularly in the December future. The latter finally closed a shade higher but the later months were quite indifferent.

Tomorrow is the last day for trading in all December contracts.

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CHICAGO, 4

December 20, 1945

There was no special grain news overnight except that the government made certain allocations for wheat exports by authorizing commercial exporters to ship about 10 million bu wheat and flour during January. In addition to this there will be some CCC shipments of about 6 1/2 million bu to France and North Africa, not to speak of UNRRA and the Army requirements not included in the 17 million bu allocations. We still believe that it will be extremely difficult to get this amount of wheat afloat. Of course, the CCC still has fairly large supplies, but there are transportation difficulties and unless the farmers sell more heavily in January than they are at the present time, Europe may be disappointed in the quantities that they are able to get. This leads to the belief that there may be more oats destined to foreign shores, particularly as there have been any number of charters taken, and, if it is too difficult to get wheat to the seaboard, of course, oats might play an important role. We have not heard of any export sales in oats during the past two days. Europe seems to take long holidays, and even with the desperate situation with respect to food, we believe that a good many interests handling grains and foodstuffs are waiting until after the holidays.

In the meantime there are numerous discussions over here that the corn crop has been overestimated but for ourselves we prefer to rely on government authorities, as in the past they have had better facilities for getting data over wider areas than any single group of individuals. We are told now that the total corn marketings during the 1945-46 season will be considerably smaller than the record marketings during 1944-45. At the same time the demand for feed grains and byproduct feeds will continue strong, at least through this coming winter and spring. According to the Bureau of Agricultural Economics, the ratios are favorable for livestock feeders, although the Department indicates that poultrymen are likely to have considerably less favorable egg-feed price ratios this coming year as compared with last season. In any case there does not seem to be much pressure from any source, and it is very likely that the disappearance of feed grains will be heavy during the next few months, possibly even heavier than during the corresponding period a year ago. Disappearance of corn during the quarter from October to December is likely to be one of the heaviest on record, while the disappearance of oats during the crop-year will probably be one of the largest, if not the largest, on record. Therefore, it is extremely fortunate that we were blest with such big yields. Just to what extent substitution of oats for corn is taking place one cannot tell, but certainly with a great many livestock producers and feed mixers unable to get the desired quantities of corn, it is bound to divert demand into other directions.

For the second day primary wheat receipts were light and amounted to only 736,000 bu compared with 1,549,000 bu last week and 1,092,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 416,000 bu.

There was very little trade in wheat, although a good many changing orders between December and May, which probably will reduce the interest in the nearby month very materially.

Oats were somewhat lower, with the possibility of heavier deliveries on December contracts, but still there was no important pressure from the country insofar as we could learn. However, the December future lost ground on May.

In rye there was not much excitement until near the close. Then rather large selling orders to liquidate December found shorts pretty well covered, and the market declined the 5¢ permissible limit with some orders not satisfied.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 21, 1945

As we come to the end of another year, it is probably fitting to take stock of what has occurred during the past season. Crop production in the United States turned out to be the third largest on record. Making comparisons with the period prior to the drought, or in other words, from 1923-32, we find that aggregate production of all crops in this country was 21% above that period, although it did fall a little short of our record yields of 1942, and likewise was about 1 1/2% smaller than last year. In spite of numerous difficulties, such as labor shortages, inability to get farm machinery and fertilizers, it apparently was overcome by the long hours on part of producers. Their achievements overcame even matters such as the elements, where we had a very late spring, and for a while it appeared as though all of the seed could not possibly be sown. Following that, we had the coolest summer in more than two decades, and later on damaging frosts as well as those which had occurred earlier in the spring, but yet with ample moisture over most sections of the country, the results were certainly all that could be expected. Acreage losses were comparatively light, and we believe that the wheat abandonment was about the smallest on record. New production records were established for wheat, oats, tobacco, rice, popcorn, hops, peaches, pears, grapefruit, almonds, and truck crops. Thus it may be rather difficult to have a repetition next season, although the first indications are that our winter wheat crop is getting off to a good start, and the government report issued late yesterday forecast 750 million bu, which is certainly encouraging, and it is only about 11 million bu smaller than the forecast made one year earlier, although finally the crop turned out about 60 million bu more than the preliminary figure. Thus it is a foregone conclusion that we shall have to have propitious weather and moisture with intermittent regularity from now on to duplicate last year's yields.

The trade did not pay much attention to this forecast, possibly because it is generally assumed that the demand may take care of everything that can be furnished by the surplus countries. According to the Under-Secretary of Agriculture, the importing nations will need tremendous quantities during the last six months, and the demand will exceed the available supply by several million tons, but here again this authority points out that the question of transportation is paramount, and it is our own thought that urgent as the needs are from Europe that we may not be able to fulfill the extreme figures which have been mentioned for our actual shipments. In addition to the wheat estimate we had the acreage mentioned for the coming rye crop, and this showed only 3.7 million acres as compared with 4.4 million acres last year and 6.2 million acres average. Thus it is hardly fair to expect that we shall have very heavy yields next summer for this cereal, but at the same time there is only moderate speculation for the reason that with the ceiling of $1.44 1/2 for the new crop, not much can be gained by assuming a bullish position. However, there was some buying of September rye on the theory that it closed last night nearly 5¢ under the ceiling price, and there was likewise some buying of the May future, but in the latter the element of time is somewhat of a deterrent, and we expect that from now on trade may be on a much smaller scale.

Primary receipts of wheat were very light, amounting to only 673,000 bu compared with 1,077,000 bu last week and 1,084,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 617,000 bu. We expect a fairly large decrease in the visible supply next week. It will correspond with a shrinkage of 2,884,000 bu last year.

Trade was a little slow in getting started after yesterday's developments but prices on the whole were firmer and momentum was gained as the session wore on. The government issued a pig crop report indicating an increase both for fall and spring pigs. This was construed bullish on feed grains, and the result was that oats closed considerably higher.

Rye was strong and the May future went up the full 5¢ permissible limit. There was an advance of about 1/2¢ a bu in wheat for the deferred months. The fact that the country is selling so little and that everyone is urgently requiring grain for home consumption and for export naturally lends confidence to the bullish position. Whether this will change after the first of the year remains to be seen but it will require a much heavier movement to do so.

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CHICAGO, 4

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

December 26, 1945

Ordinarily we would be thinking more seriously of Southern Hemisphere exports at this time of year, and this in turn would lessen the demand for North American grain, but as we have intimated on several occasions, it does not promise to work out that way. The first official production estimate for Argentine wheat is smaller than early indications, and the government has forecast a crop of only 165.7 million bu, although privately many are looking for the final results to exceed that figure. There is further uncertainty, however, as to the amount of wheat which will be used at home as fuel. Normal requirements in that country are around 100 million bu, and if the imports of coal and oil are resumed shortly, it will in turn necessitate smaller quantities for domestic purposes. The carryover at the end of December will probably amount to about 50 million bu, so that with a crop of 165 million bu, total supplies will be approximately 215 million bu. If we assume for the time being that an added 50 million bu will be used at home, it would allow only about 65 million bu for export and next carryover, but as time goes on there may be additional quantities released, and this will be an important factor to watch. As for Australia, the crop is estimated at only 135 million bu. This is larger than last year but smaller than a normal crop, and with a reserve stock of only 6 million bu, we do not believe that the latter country will be very important in the export field during the next twelve months. The Australian Wheat Board is arranging to meet with government representatives to discuss methods of regaining and expanding markets for wheat and flour in Java, Malaya, Ceylon, India, as well as the Red Sea and Persian Gulf, but even here the extent of their business will depend somewhat on the ability of railways to haul wheat and flour to the ports, and they, in common with other countries, have that transportation problem to face.

There was little news over the holiday, although it was a foregone conclusion before our market opened that there would be very little pressure, and at least until the first of the year it is not likely that the receipts from the country will expand. What takes place later cannot be foretold with great certainty at this time, but when the income tax considerations are no longer potent, if railway equipment and cars are available, we might see a larger movement to primary markets.

We had rather wintry weather over most of the belt. In addition to snow, there was rain and sleet but the wheat plant is protected fairly well from the severe cold, although parts of the southern grain belt do not have much protection but we have not heard of any material damage thus far reported. As a matter of fact the government report issued a few days ago made the condition slightly lower than last year, but it is above average for the United States, and the winter wheat seeded is 51.9 million acres, which is large, as the sowings have only been in excess of 50 million twice in history; namely, in 1937, when they amounted to 57.8 million, and in 1938 when they were 56.5 million; the ten-year average (1934-43) was 46.7 million acres.

The primary receipts of wheat over the holiday amounted to 1,601,000 bu compared with 662,000 bu last week and 1,057,000 bu last year. When the visible supply was posted there was a decrease of nearly 4 million bu, which reduces total stocks in all positions to 89 1/4 million bu, or nearly 44 million bu less than was on hand last year. Chicago stocks decreased slightly, leaving a balance of 1 1/2 million bu here.

Trade was rather moderate in all pits but the undertone was firm. There was no special buying and for that matter no special feature. However, the cash demand for wheat both for home purposes and for export is fully maintained.

Rye prices were higher right from the start. The visible supply decreased 191,000 bu but the trade still remains largely of a speculative character. Oat prices were firm. There was an increase in the visible supply of 818,000 bu, making the total 41 1/2 million bu, of which nearly 5 million bu is here in Chicago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 27, 1945

Just about the time this market letter is being written, an address will be presented by two prominent Cornell professors before the American Farm Economic Association. They will endeavor to show that the prices of farm products in the United States are determined by world forces. Their contention will be that the supply of commodities is an important factor affecting prices, but that it is the world supply and not the local supply that affects world prices. Changes in local supplies can temporarily affect local prices but these local prices cannot long depart from the world price level. They point out that the price of wheat, cotton, pork, and beef fluctuated with the world price level, but that some economists thought that this was due only to the fact that these commodities were so prominent in world trade, and that products which did not enter into international trade might not follow the international pattern. However, potatoes, which were produced and consumed in this country but did not enter into international trade, fluctuated with the world price level ever since 1880. Likewise eggs, which were largely produced and consumed within the country, fluctuated with the world price level. The same is true with respect to New York milk prices, which moved with world prices since figures have been kept. In fact, looking at charts from 1880 to the present time, it is remarkable how close together domestic and foreign prices have remained; in other words, they say:"Prices of farm products apparently fluctuate with the same forces that make world prices. Whether these commodities were a cheap cereal such as wheat or an expensive livestock product like milk, an international fiber like cotton or a local cheap food like potatoes made little difference."

When our market opened this morning, it was influenced by the persistent demand from all sources. It was stated that the exports of wheat for the week were the largest of the season, amounting to slightly over 7 million bu. Unquestionably there would even be a bigger business at the present time if transportation were not such a problem. In the final analysis those who are most interested in the farmers' welfare are pointing out that the situation may not always be as favorable as at present. Secretary Anderson in a recent speech claimed that what agriculture really wants and needs for the long pull is parity income. He said that today farmers have about 2 million tractors, which is a gain of more than 40% during the war. Probably the most comprehensive measure of the farmers' technological progress along all lines is "output per worker." Today farmers are producing twice as much per worker as they did in 1910. They are turning out two-fifths more per worker than they did in the years just before World War II. Of course, it is very fortunate that during the war and in the post-war era we have had the greatest farm output of all time, particularly with less than one-fifth of our people on the land. Here, again, Mr. Anderson predicts that it is not too much to expect that before many years one man on the farm will be able to produce all the food and other farm products needed for ten in the cities.

The winter wheat acreage sown in Kansas this fall is now estimated at 14.1 million acres, or the same as last fall. We refer so often to this State since it is the largest and most important winter wheat producer. December 1st condition was 78% of normal compared with 92% a year ago and 73% the ten-year average. Indicated yield per seeded acre is 12.5 bu vs. 14.7 last year and 10.2 bu average.

Primary receipts of wheat were quite large for the season of the year and amounted to 1,163,000 bu compared with 736,000 bu last week and only 374,000 bu last year. Shipments were actually smaller than for the corresponding period a year ago. Kansas City and Minneapolis stocks so far this week show a net decrease of 274,000 bu.

Markets were mostly firm, although rye at one time was subjected to profit-taking, and support being only moderate fair-sized recessions occurred until new buyers could be found. Mills apparently had done some business and were covering July and September wheat, no doubt having their hedges in the new-crop deliveries.

Oats were barely steady, although there is some talk of export business developing after the holiday.

UHLMANN GRAIN CO.

[illegible]

[illegible] December 27, [illegible]

[illegible] sole [illegible] leader [illegible]

[illegible] Cornell [illegible]

[illegible]

DAILY MARKET LETTER

MEMBERS:
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CHICAGO, 4

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CHICAGO MERCANTILE EX.

December 28, 1945

There seems to be a little hesitancy on part of traders owing to the fact that receipts of all grain have been relatively moderate for the last few months, but the question now arises as to whether there will be an increased movement of grain after the turn of the year. Much of the holding tendency was apparently predicated on tax considerations, but we believe that this is only part of the story. Farmers have gradually been educated not to rush marketings at the beginning of the season, and for that purpose they have been helped by the loan program, which since its inception has always shown a higher price for each successive year. For example, the first loan rate at Kansas City in 1938 was 72¢ per bu, and this was gradually increased until it reached $1.54 per bu for the current crop, or in other words it has more than doubled. Almost in like proportion the market price of #2 hard winter wheat has advanced every season, and we find that in December of 1938, the Kansas City price was 70.9¢ per bu; the following December 76.3¢; in 1940 the average price was 97.3¢; in 1941, 110.9¢; in 1942, $1.37; in 1943, 155.6¢; in 1944, 168.2¢; and in 1945 about $1.72. Thus the producer, while not actually guaranteed an improvement by holding on to grain, has been given ample assurance that he had nothing to lose by waiting, and even now the loan price is pretty definitely established at 90% of parity for two years following the actual termination of hostilities.

Since the President has emergency powers which will probably not end until about June 1946, one must assume that these high loan levels will undoubtedly be in force for the calendar years 1947 and 1948, or for a period of three years from the present time. There is, of course, some possibility that parity will decline rather than advance, but for the time being we see little possibility of any sharp recessions, owing to the fact that labor costs are still rising and most articles are still in urgent demand, and so we may not have a change in that direction until production becomes more nearly adjusted to the buying power. It has been our experience that farmers very seldom sell heavily on advancing markets but like so many other people, their psychology dictates greater caution when prices start to decline. Putting it another way, if parity for two or three months should ever show a tendency to recede, producers might change their selling habits instead of the holding tendency which presently exists. In spite of all this we do feel that if cars are available there will be some increase in the country movement after January 1st. There is still considerable grain left on farms, and while money itself is not as attractive to producers as in times past, there can be little incentive to hold grain if it is definitely established that no increase in the ceiling will be permitted between now and the next crop.

When our market opened this morning, there was a small amount of liquidation, and apparently the trade is a little more cautious for the reasons we have just enumerated. Weather on the whole seems satisfactory, although very little moisture fell during the week in Oklahoma, and there is an urgent need for rain to improve the condition of fall-sown grains. The loose condition of the dry soil in that State has not given wheat plants the needed protection against zero temperatures and possibly winter killing may be heavier than last year, although at that time it was very light, and likewise the small abandonment almost unprecedented. The situation in Kansas is more optimistic, although some sections complain that the snow coverage was not all that might be expected. However, moderate to heavy snows over central and western sections of the State at the close of the week are regarded as very beneficial.

Primary receipts of wheat were small, amounting to only 456,000 bu compared with 673,000 bu last week and 826,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 531,000 bu.

Wheat fluctuations were unimportant and we doubt if the trade was heavier than yesterday when volume was less than 3 million bu. A little firming of prices occurred toward the last, with net changes just nominal.

There was little feature to the other markets. In spite of liquidation, prices gave grudgingly, and there was some recovery toward the last in sympathy with the leading cereal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 31, 1945

The year 1945 will go down in history as one that brought to a close two great wars. It will be equally well remembered because of the atomic bomb. From a moral point of view, let us hope it has ended a period of cruelty, suspicion, and hatred. From a purely statistical standpoint, it finished a five-year period of the greatest spending era in American history, Our people during that time received and disbursed the vast sum of $833 billions. While 40% of the spending was accounted for by the government, it is nevertheless true that the consuming public spend $428 billions for food, shelter, insurance, and other available goods and services. From an agricultural viewpoint, 1945 was a year of bountiful yields, production ranking third largest on record, being surpassed only during 1942 and 1944. Moreover, it was the ninth consecutive year of better-than-normal outturn, something which has never occurred before, as far back as records have been kept.

Entering a peace era which we hope will be long-enduring, food will play an important role, particularly until the war-ravished countries recover from their present plight. Reports from abroad are unanimous in stating that millions of people are likely to die this winter as the result of malnutrition, and even from sheer starvation. Preservation of life and the prevention of suffering must take high priority over all other considerations. Farmers on this continent should feel proud of their part in maintaining their high standards of efficiency. The railroads may take pride in their accomplishments in helping to fulfill export demands. To the grain trade should go credit for the skill in cooperating with the various agencies, so that all shipping and handling facilities were geared to the limit of their capacity.

Let us not forget the sacrifice that has brought us Peace and Victory.

We wish you all a Very Happy New Year!

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 3, 1946

Sentiment after the close yesterday was slightly bearish for the reason that markets had suffered the sharpest decline in several weeks. This was brought about without having any particular news except the possibility that the movement from the country might enlarge owing to the fact that we are now in a new calendar year. Producers have been more influenced by tax considerations than ever before and many commodities have undoubtedly been held back. For example, the flow of livestock to the twelve large centers yesterday showed a tremendous increase, and the number of hogs received was the largest since June, 1944, apparently indicating that there might not be the same retention of supplies as we have witnessed during the past few months. In our opinion the demand for wheat and corn will be fully maintained for a long time to come.

There is a meeting scheduled for next week, at which time representatives of the milling industry, together with Mr. Hutson, Under-Secretary of Agriculture, and others, will try to find ways and means of assuring adequate supplies of wheat for industrial users for the remainder of the crop. Also represented at this conference will be exporters, and undoubtedly the needs from Europe are so great that a good number of complaints have been heard that home industry may not be able to get a sufficient volume of wheat to keep them running in an efficient manner. Of course, with a wheat crop of 1,123 million bu that we had last summer, and a very sizeable carryover; there is every reason to feel that there should be no actual shortage, except that the holding tendency on part of producers and the shortage of freight cars has prevented as much wheat from coming forward from first hands as one would ordinarily expect, based on the existing supply situation. With the farmer now told that there will not be any increase in the ceiling price, it is, of course, possible that they may sell at a more rapid rate. As we have pointed out in previous letters, sometimes declining markets accelerate action by bringing to mind that there is also a chance for lower prices should we finally be faced with a reserve stock next July of about the same size as the previous one, and further provided that the outlook for the next crop is maintained.

The weekly government resume is fairly optimistic in this respect, claiming that small grains were in fairly good to very good condition in most areas, although in the Southern Plains more moisture seems to be wanted, and some deterioration in Texas, Oklahoma, western Kansas, and western Nebraska is claimed due to the lack of adequate moisture. There had been some rains forecast yesterday but these failed to materialize, but it is our belief that it is still very early and that precipitation if it comes during the next month or two will still prove very beneficial.

After our market closed yesterday the Directors of the Board of Trade deliberated for several hours on the question of penalties for defaulted contracts of December wheat, corn, and barley. After considering the matter from all angles a 3¢ penalty was imposed on shorts who failed to fulfill their contracts, and we believe that in practically every instance where processors or merchants were long they would have preferred receiving grain instead of the payment of money, which they will get as defaulted transactions are adjusted. It is still extremely difficult to buy corn and it seems that the longer the market remains at the ceiling, the more urgent the demand becomes, resembling a situation in the FORBIDDEN FRUIT where merchants are always more anxious to obtain something that is scarce. There have been many examples of this during rationing, and sometimes we feel that if ceiling prices were not in force the adjustment of supply to demand might be more easily made. We have seen that as the restrictions on the sale of shoes, meats and tires were removed, the public, while facing some difficulties, was nevertheless able to get its requirements without a great deal of commotion.

Primary receipts of wheat of 766,000 bu were smaller than last week but slightly more than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 220,000 bu.

Trade in all pits was light but with less pressure to sell and the Directors' action penalizing shorts who had defaulted on December contracts, there was a slightly better undertone, with the result that wheat quotations were fractionally higher. The same was true with respect to oats and the cash market was back to the ceiling but with no mark-ups. The buying of May rye brought firmness to that cereal and also led to a higher closing of the deferred futures.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

January 3, 1946

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